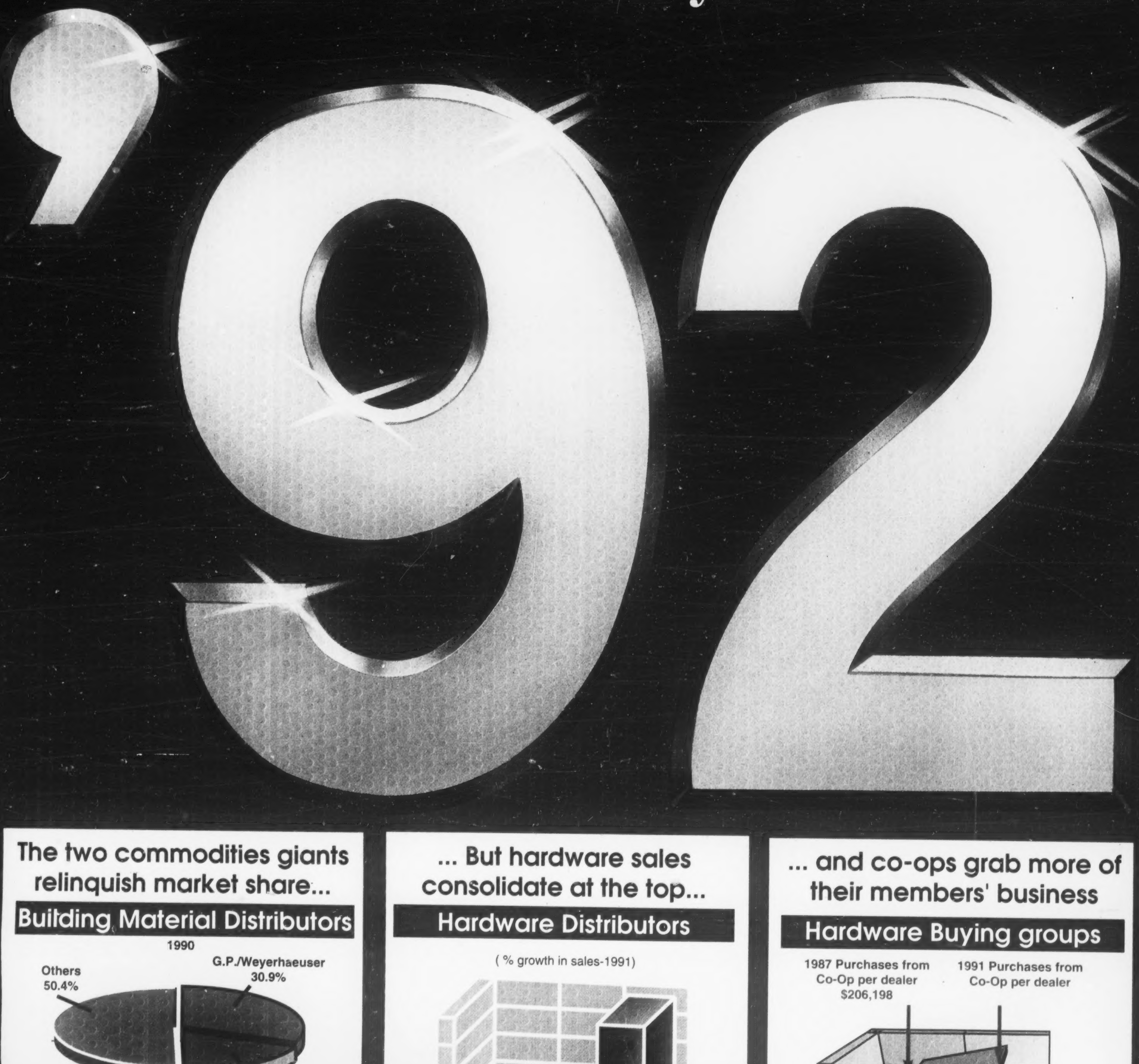
DISTRIBUTOR SCOREBOARD

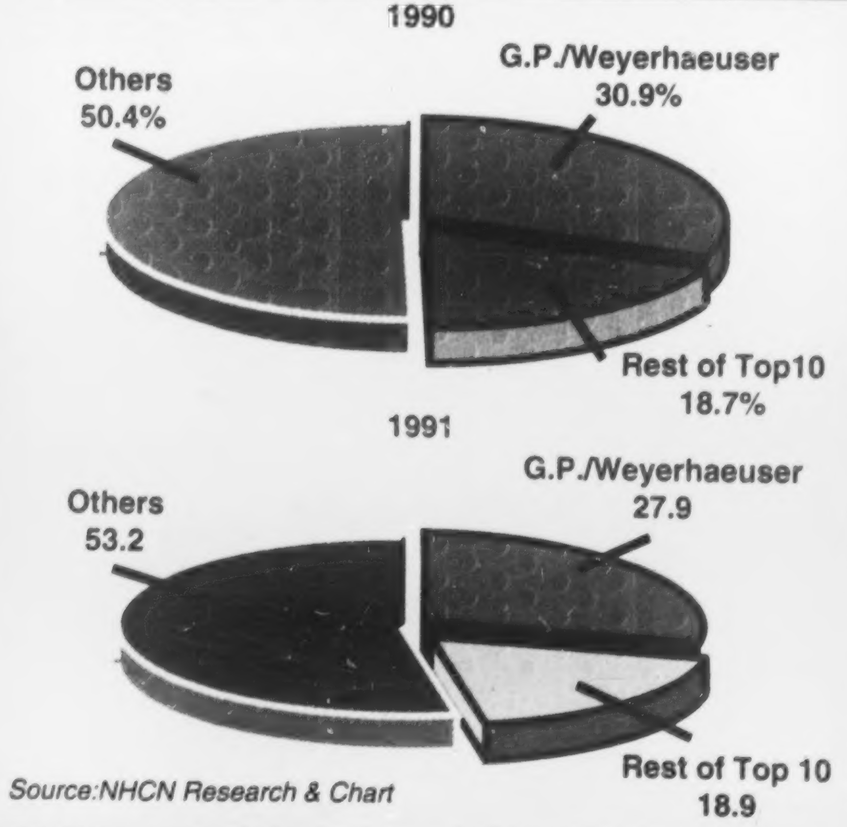
ANNUAL REPORT PART ONE

Wholesalers survive 2nd year of recession



The two commodities giants relinquish market share...

Building Material Distributors

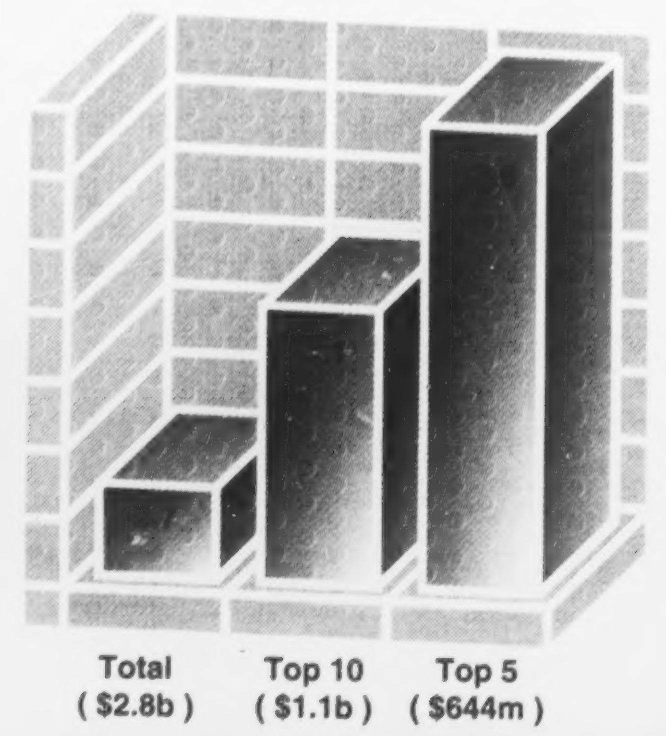


Source:NHCN Research & Chart

... But hardware sales consolidate at the top...

Hardware Distributors

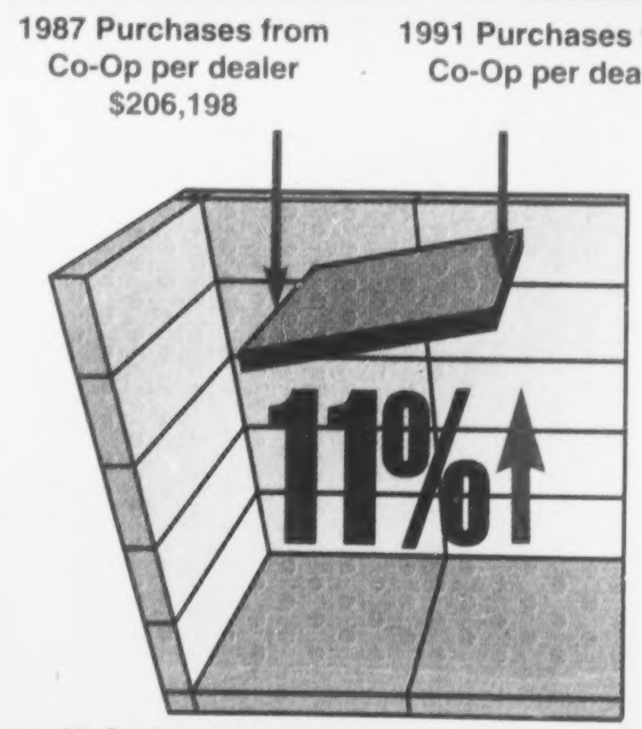
(% growth in sales-1991)



Source:NHCN Researh & Chart

... and co-ops grab more of their members' business

Hardware Buying groups



Source: NHCN Research & Chart

DISTRIBUTOR SCOREBOARD

Midsize players gain in distribution arena

Quicker on their feet at servicing the dealer

by Elizabeth Brent

NATIONAL REPORT — For the second consecutive year, building material distributors, particularly the largest companies, took a big sales hit.

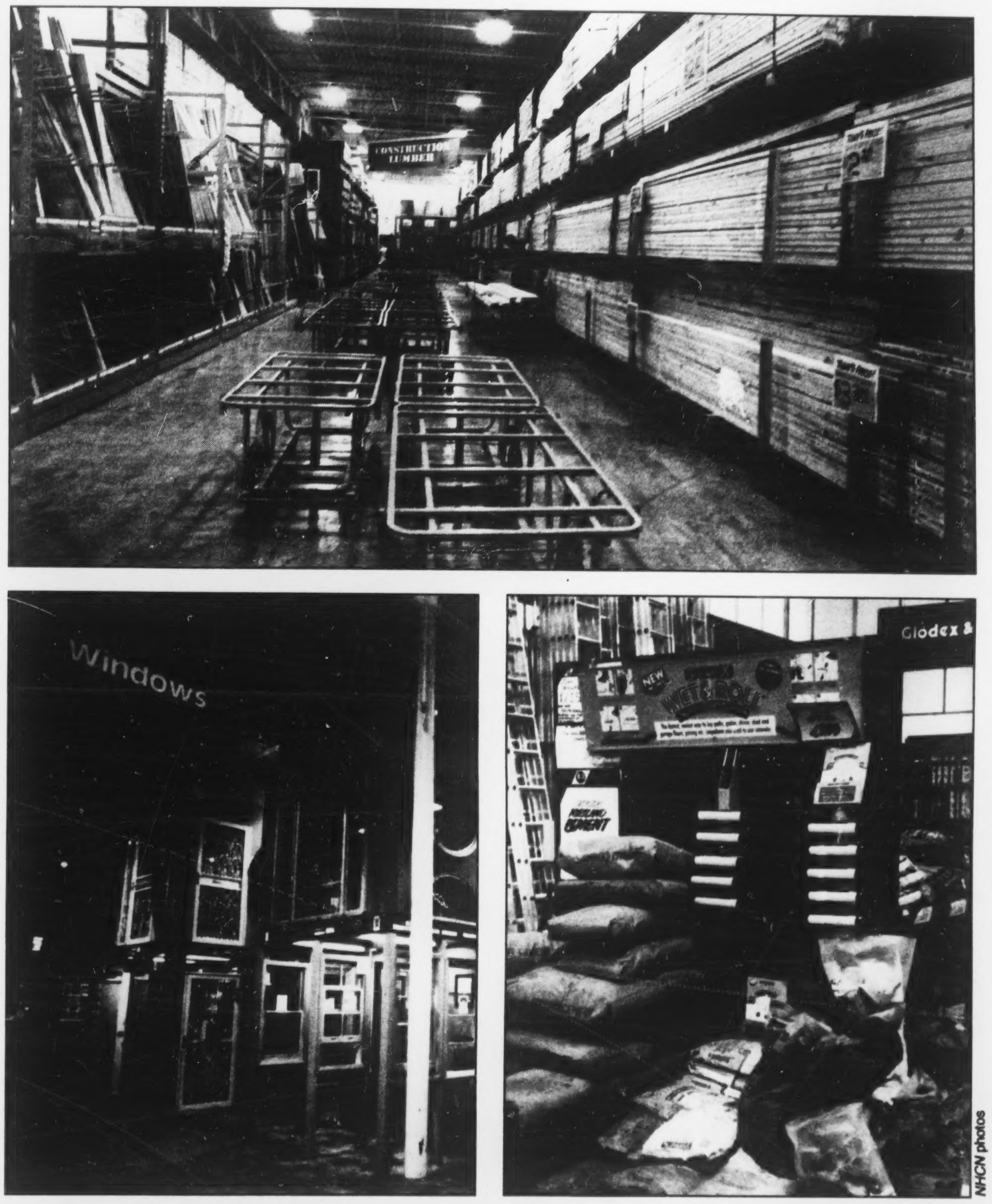
But as the giants lost market share, medium-size wholesalers benefited. They picked up new distribution centers, expanded their territories and beefed up their services to respond to a customer base that wanted faster turns from minimal inventories.

NHCN, with research assistance from the *Chain Store Guide* division of Lebhar-Friedman, has expanded its Distributor Scoreboard this year to include the top 126 building materials distributors, doing $20 million or more in volume. Collectively, they generated $18.28 billion, or 3.3 percent less than in 1990.

Distributors were hit on two fronts. Home building plummeted to its worst levels since World War II, especially in California and New England. And an erosion in consumer confidence caused retail sales to stagnate.

Building material wholesalers were also faced with a shrinking retailer base, as companies that had overleveraged themselves in the 1980s closed their doors or filed for bankruptcy.

Nearly one quarter of the top distributors recorded sales declines last year, and another one-third said their sales were flat. And given that last year's figures were inflated by escalating lumber prices, the picture may have been even bleaker than the numbers paint.



NHCN photos

***While building materials**, like lumber and masonry, remained the staples for commodities wholesalers, others had considerable success marketing specialty products like millwork.*

Georgia-Pacific was among the big losers, taking a $300 million hit as sales dropped 7 percent to $4 billion. Weyerhaeuser's sales declined 29 percent to $1.1 billion, even though the company opened four new full-service DCs last year. But in spite of their sales falloffs, these two giants still captured nearly 28 percent of the business controlled by the Scoreboard's companies.

More products, more people

For reasons that aren't entirely clear, some of the dealer-owned buying groups stopped doing business with larger distributors. BMA and IBSA, for example, stopped using G-P to distribute commodities to their dealer-members. ServiStar is now carrying more building materials in its own warehouses.

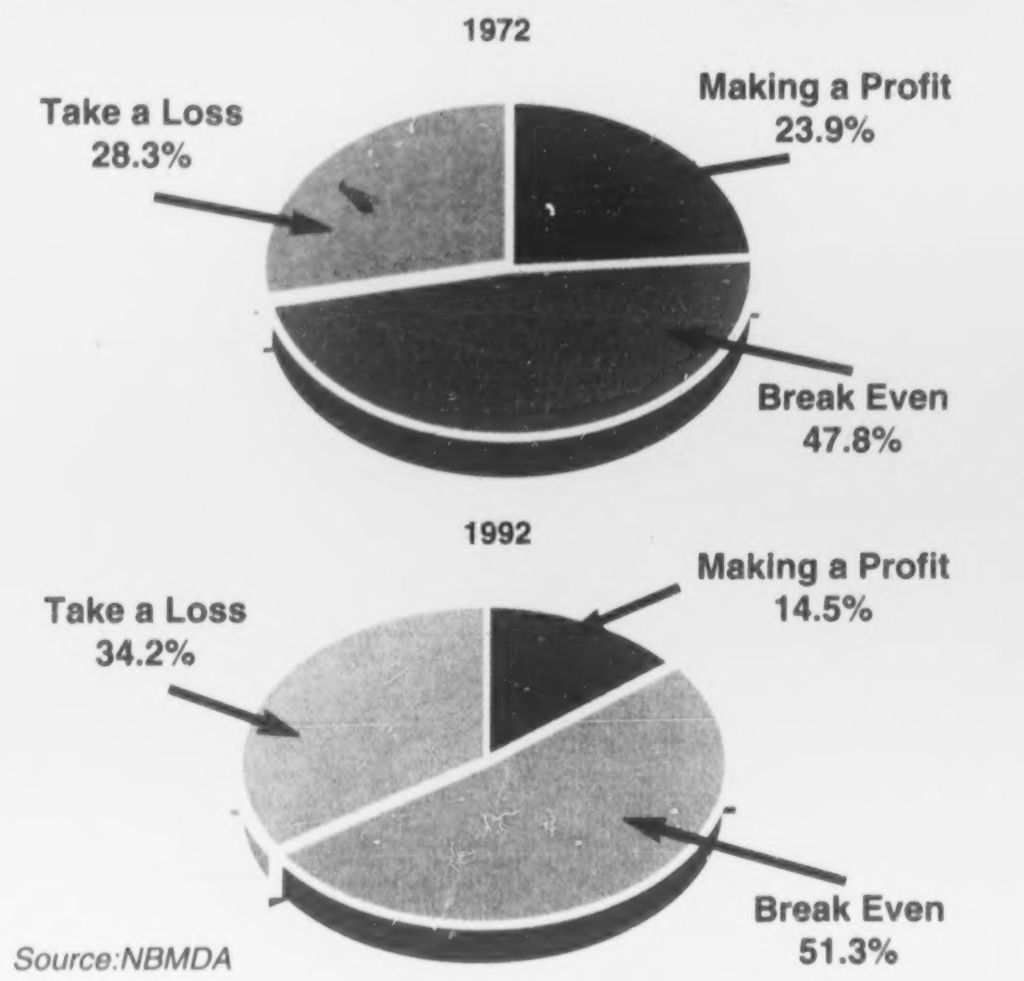
One big winner last year was Boise Cascade, whose 1990 sales rose 15.7 percent and expanded another 11.6 percent sales in 1991 to $328 million.

The Idaho-based company opened a DC in Vancouver, British Columbia, to re-enter the Oregon market. Boise also expanded its product mix to include a number of its own engineered wood products and, like other distributors, stepped up its service levels.

With more people and more trucks, Boise Cascade offered its customers more delivery options. It now runs 45 trucks, as opposed to 35 in 1990, increased its field sales staff by six to 48, and added six more in-house salespeople, according to Stan Bell, vp and general manager for Boise Cascade's building material distribution division.

(Continued on page 33)

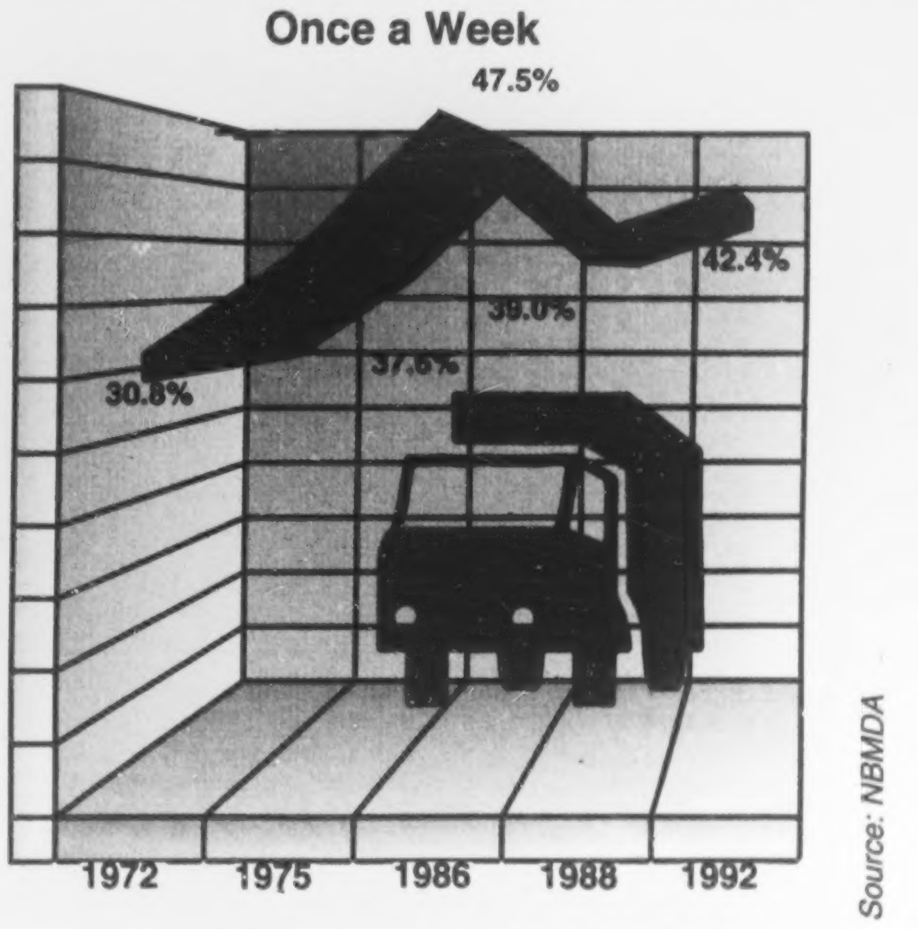
Who's Making a Profit



Source:NBMDA

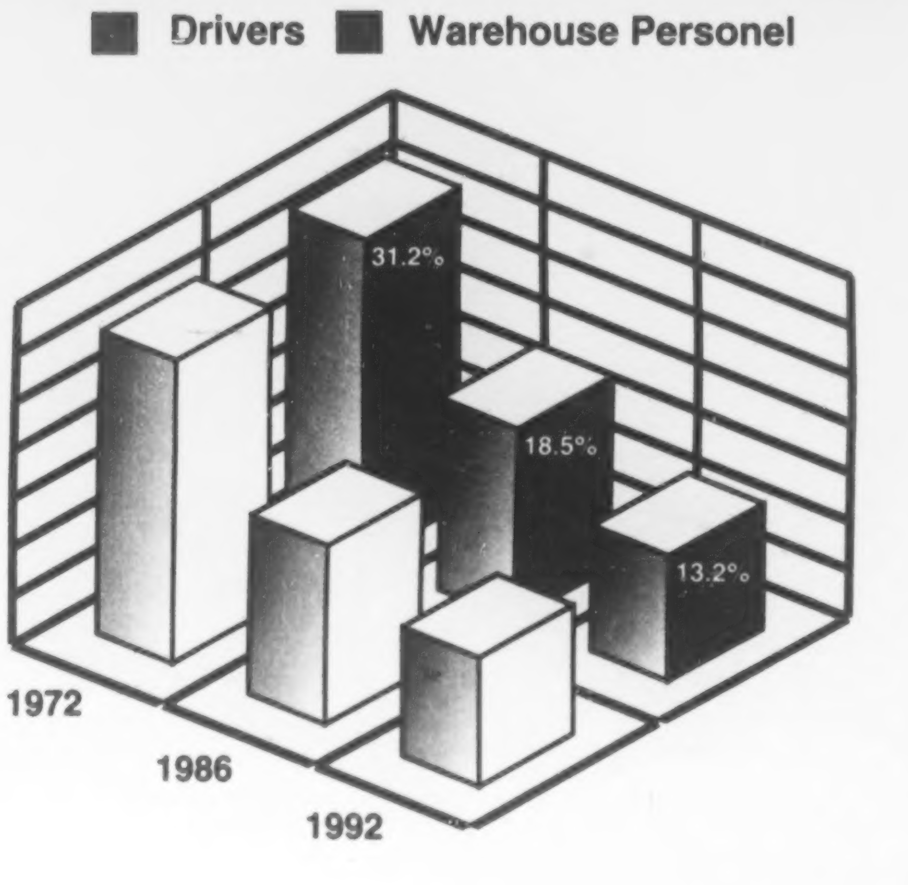
Delivery Schedules

Percentage Respondents who Deliver once a week



Source: NBMDA

Distributors Deunionize



Source:NBMDA

Reported results based on 79 responses received in late February and early March of 1992.

Small distributors prosper with niche marketing

(Continued from page 16)

The successful distributors got closer to their customer base and responded to their needs. On the East Coast, for example, Russin Lumber created five different packaging programs for lumber and pine products to help its independent home center and small chain customers "keep cash rich and inventory poor," according to Shelly Modansky, executive vp at the Montgomery, N.Y.-based distributor.

Russin Lumber boosted sales 25 percent last year to $50 million and found that its on-site remanufacturing plant provided customers with immediate service for specialized patterns, V-joints, knotty pine and log cabins.

> **'We've probably done this niche marketing for 10 years, but the merit in this approach came out in these recent difficult years.'**
>
> *Dick Starrak, president, McQuesten's*

Even in Oregon, where home building remained strong last year, Patrick Lumber added a molding plant to service its customer base better. Other regional distributors looked to add new products and negotiate exclusive distribution with customers to strengthen their market niche.

Geo. McQuesten in North Billerica, Mass., for example, handles only high-quality products, like red cedar, incense cedar, mahogany, white cedar shingles and treated yellow pine.

"We've probably done this niche marketing for 10 years, but the merit in this approach came out in these recent difficult years," said Dick Starrak, McQuesten's president.

Next year, PrimeSource, whose sales declined by 12.6 percent in 1991, will reduce its emphasis on commodity lumber products. It will take on more nails, dry wall screws, roofing, gypsum and insulation.

"We will leave the commodity lumber to other people who buy better. We are choosing the product lines we can dominate," said Scott Klein, vp-marketing at the Irvine, Calif.-based distributor.

Looking for better days

Certainly many distributors are honing what they do best. Blount Lumber in Lacona, N.Y., handles only doors for cabinets and vanities and the hardware attached to the doors. ABC Supply, in Beloit, Wis., generated 65 percent of its business last year from roofing, with the rest coming mostly from siding and window sales.

Last year, ABC increased market share by picking up five DCs from Owens-Corning and five DCs from a Canadian-owned siding company, Sauder Industries. This gave it a foothold in the Northwest market with centers in Seattle and Portland, Ore., and strengthened its California territory by adding centers in Sacramento, Oakland and Anaheim, Calif. ABC also acquired a DC in Stratford, Conn.

ABC projects a 35 percent sales increase in 1992, with plans to open at least 10 more branches, according to Ken Hendricks, ceo and president of ABC Supply.

ABC is just one company repositioning itself for further growth. Russin Lumber just invested in a new computer system that will support sales of $80 million. Lumber Products in Tualatin, Ore., just moved from a facility on three acres to a new 20-acre complex, expanded its warehouse space and added a salesperson to develop more offshore accounts.

Initially, Lumber Products will target the Hawaiian and Alaskan markets and then pursue business in Japan and Taiwan.

Patrick Lumber's offshore accounts helped it attain record sales of $150 million last year, a 63 percent increase in business. About 80 percent of these sales came from the export of green Douglas fir to accounts in Australia, Great Britain, Italy and Spain, according to Ron Yeager, vp, buyer for the Portland, Ore.-based distributor.

At home, distributors are optimistic that 1992 will bring better sales, as the Midwest and Gulf states begin to pick up. The first quarter earnings reports from Weyerhaeuser and G-P show signs of improvement, too.

Robert Waller, president of Bunzl, summed up many distributors' thoughts when he said, "I'll be thankful for any improvements in the economy in 1992."

NHCN photo

Energy-saving insulation: *still a best-seller in building materials.*

NHCN boosts census coverage

This year's Distributor Scoreboard was compiled with the assistance of Lebhar-Friedman's Tampa, Fla.-based *Chain Store Guide* division, whose researchers called all of the companies listed.

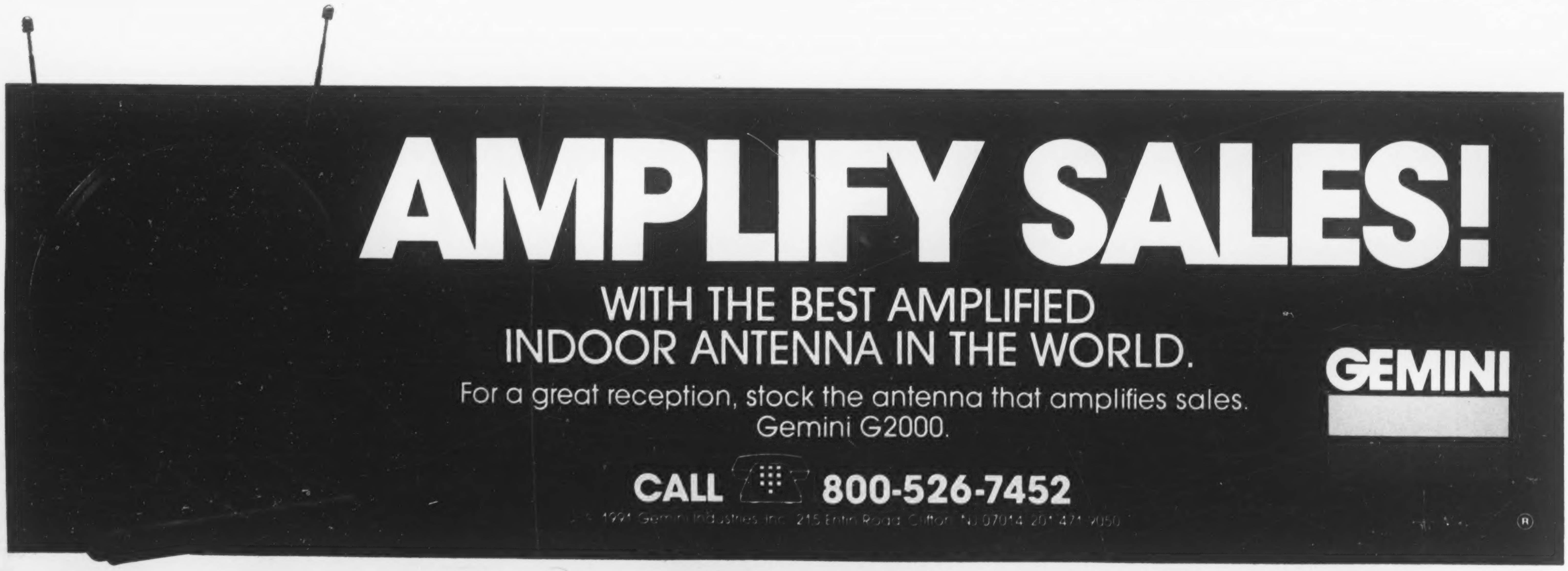
This cooperation allowed our newspaper to greatly expand our building materials listing and, for the first time, run a separate list of major specialty wholesalers that play a key role in supplying home centers around the country.

NHCN did random fact-checking of the collected data, and also did follow-up interviews with several hardlines and building materials distributors. All of the co-op and marketing group information was researched and assembled by *NHCN*'s editorial staff.

Some of our readers will notice that this year's charts include some new data. Specifically, *NHCN* attempted to define with greater clarity each distributor's product specialty. The number of field salespeople in each distributor's employ is also reported for the first time.

However, *NHCN* has decided to delete two longstanding columns—inventory carried and stockkeeping units—for two reasons: The sku count is fairly meaningless for building products distributors; and the inventory figures, while helpful in determining how well a wholesaler did last year, are often unreliable.

Companies were ranked by sales, which were rounded to the nearest million dollars. The criterion used to break ties between companies was the percentage of each company's sales generated by retail accounts.



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DISTRIBUTOR SCOREBOARD

The Top Building Material Distributors

Rank		Company	Sales ($ Millions)		Sales % Chng. 1990-1991	Number of Distribution Centers		Product Specialty (% of total sales)	% of Sales From Retail Accounts		% of Sales Drop shipped		Co.-Owned Trucks	Number of Employees		In-Field Sales-people
1991	1990		1991	1990	1991	1991	1990		1991	1990	1991	1990	1991	1991	1990	1991
1	1	**Georgia-Pacific,** Atlanta	$4,000	$4,300	− 7.0	143	144	LBM (100)	80	80	NA	NA	1,200	4,600	4,600	400
2	2	**Weyerhaeuser,** Tacoma, Wash.	1,100	1,550	−29.0	39	35	LBM (100)	50	NA	33	33	NA	1,067	1,000	NA
3	3	**Huttig Sash & Door**[1], Chesterfield, Mo.	525	525	0.0	51	57	LBM/Millwork (100)	95	95	5	16	120	2,500	2,000	200
4	5	**Canfor-Weldwood Distribution**[2], Burnaby, B.C.	508	509	− 0.2	22	22	LBM (70)	100	100	NA	70	0	500	550	120
5	4	**North Pacific Lumber,** Portland, Ore.	500	525	− 4.8	26	26	LBM (75)	20	25	65	NA	10	360	370	10
6	9	**MacMillan Bloedel Building Materials,** Alpharetta, Ga.	400	398	0.5	21	20	LBM (95)	100	42	7	7	0	421	409	74
7	7	**Bunzl Building Supply**[3], Deerfield, Ill.	390	410	− 4.9	28	34	LBM (100)	80	80	NA	NA	NA	850	950	NA
8	8	**Universal Forest Products,** Grand Rapids, Mich.	387	400	− 3.3	23	23	Lumber (100)	50	70	5	30	82	2,600	1,200	200
9	6	**PrimeSource,** Irvine, Calif.	380	435	−12.6	34	40	Lumber (60)	95	100	10	11	150	750	850	130
10	10	**ABC Supply,** Beloit, Wis.	362	342	5.8	102	92	Lumber/Roof (100)	14	14	15	17	550	1,000	1,020	150
11	14	**Boise Cascade,** Boise, Idaho	328	294	11.6	10	9	Lumber (100)	90	90	40	50	45	350	300	48
12	11	**Adam Wholesalers,** Cincinnati	305	305	0.0	12	12	Millwork (100)	90	100	30	35	200	1,000	916	130
13	12	**Morgan Distribution,** Mechanicsburg, Pa.	300	300	0.0	11	10	Lumber/Millwork (100)	99	100	25	34	170	720	787	115
14	13	**Allied Building Products,** East Rutherford, N.J.	300	300	0.0	39	36	LBM (100)	10	10	20	20	300	724	750	100
15	16	**Furman Lumber,** Billerica, Mass.	272	245	11.0	9	9	Lumber (100)	95	NA	75	32	14	180	216	20
16	15	**American International Forest Prods**[4][5], Beaverton, Ore.	270	270	0.0	1	1	LBM (100)	95	95	NA	NA	0	80	80	0
17	17	**Tampa International Forest Prods**[4], Tampa, Fla.	210	200	5.0	2	1	Lumber (100)	100	100	15	15	0	75	NA	0
18	20	**Tumac Lumber Co.,** Portland, Ore.	200	172	16.3	6	6	Lumber (100)	80	80	30	NA	6	120	NA	10
19	18	**Pacific Coast Building Products Inc.,** Sacramento, Calif.	190	196	− 3.1	30	27	Lumber (90)	25	25	10	NA	400	2,500	2,200	100
20	21	**Dixie Plywood Co.*,** Savannah, Ga.	175	170	2.9	12	12	Plywood (100)	70	50	5	NA	100	325	325	NA
21	23	**Roberts & Dybdahl,** Des Moines, Iowa	162	160	1.3	9	11	Lumber (100)	95	100	65	35	50	280	268	28
22	22	**Pacific Supply**[6], Oakland, Calif.	162	162	0.0	22	20	Roofing (90)	30	20	10	15	150	1,200	500	25
23	24	**Hager Distribution,** Grand Rapids, Mich.	160	160	0.0	9	9	LBM (50)	95	95	20	27	13	NA	450	15
24	25	**Cascade Empire**[4], Lake Oswego, Ore.	154	151	2.0	1	0	LBM (99)	65	65	NA	NA	NA	54	60	1
25	28	**Buckeye Pacific Corp.**[4], Portland, Ore.	150	130	15.4	1	1	LBM (100)	100	100	5	5	0	52	52	0
26	26	**Viking Forest Products**[4], Minneapolis	150	150	0.0	0	0	LBM (100)	100	100	100	100	0	37	NA	0
27	42	**Patrick Lumber Co.,** Portland, Ore.	150	92	63.0	1	1	Lumber (100)	70	70	10	10	0	45	45	0
28	30	**Seaboard International Forest Prods**[4], Amherst, N.H.	150	128	17.2	1	1	LBM (100)	50	50	10	10	0	40	40	0
29	19	**Green Forest Lumber,** Toronto	146	182	−19.8	4	4	LBM (100)	90	95	2	NA	2	280	250	5
30	27	**Western International Forest Prods**[4], Portland, Ore.	130	140	− 7.1	0	1	Lumber (100)	85	85	100	NA	0	80	115	0
31	31	**Plywood Panels Inc.,** New Orleans	130	126	3.2	5	5	LBM (100)	60	60	15	15	10	350	350	34
32	32	**Idaho Timber,** Boise, Idaho	130	120	8.3	8	8	Lumber (100)	50	45	30	5	9	450	400	0
33	29	**Louisiana-Pacific,** Portland, Ore.	130	130	0.0	7	8	LBM (100)	NA	NA	NA	NA	NA	NA	140	NA
34	36	**Frank Paxton Lumber Co.,** Kansas City, Mo.	120	110	9.1	12	12	LBM (80)	50	50	NA	NA	55	560	560	60
35	33	**Iron City Sash & Door,** Pittsburgh	118	118	0.0	6	6	LBM/Millwork (100)	100	100	25	20	48	300	375	35
36	34	**Addison Corp.,** Atlanta	110	115	− 4.3	12	12	Millwork (100)	100	100	17	17	100	500	450	55
37	35	**Babcock Lumber,** Pittsburgh	106	110	− 3.6	7	10	Lumber (100)	100	100	40	10	75	350	350	30
38	37	**Birmingham International Forest Prods**[4], Birmingham, Ala.	100	100	0.0	0	0	Lumber (100)	100	100	100	100	0	33	33	NA
39	38	**Empire Wholesale Lumber Co.,** Akron, Ohio	100	100	0.0	9	9	Lumber (60)	90	99	NA	NA	25	56	54	12
40	39	**Orepac Building Products,** Wilsonville, Ore.	100	100	0.0	6	6	LBM (100)	90	30	20	15	25	273	245	20
41	40	**MacArthur Co.,** St. Paul, Minn.	98	95	3.2	13	14	Roof/Insulation (100)	60	60	50	50	30	1,500	1,500	50
42	43	**A.P.I. Supply,** Fridley, Minn.	91	90	1.1	7	7	Lumber (75)	100	100	30	50	0	140	130	18
43	41	**Snavely Forest Products,** Pittsburgh	90	92	− 2.2	6	7	Lumber (100)	90	90	20	2	16	135	195	23
44	45	**Hampton Lumber Sales Co.**[8], Portland, Ore.	90	81	11.1	1	0	Lumber (100)	75	75	0	0	0	50	37	2
45	53	**Seven D Wholesale,** Gallitzin, Pa.	83	72	15.3	4	5	LBM (85)	85	85	5	45	25	400	130	10
46	46	**Wm. Cameron and Co.**[9], Waco, Texas	81	81	0.0	9	17	Lumber (75)	70	70	NA	17	115	225	319	40
47	48	**Olympic Industries Inc.**[4], N. Vancouver, B.C.	80	80	0.0	2	NA	LBM (98)	85	85	0	NA	0	29	NA	0
48	47	**Black Millwork Co.,** Allendale, N.J.	78	80	− 2.5	5	5	Windows (90)	100	100	40	40	33	130	130	12
49	87	**A.L.L. Roofing & Building Materials,** Long Beach, Calif.	77	50	54.0	6	5	Lumber (100)	100	NA	20	NA	100	110	NA	35
50	55	**Kelleher Corp.,** San Rafael, Calif.	75	70	7.1	5	3	LBM/Millwork (100)	100	100	NA	NA	12	137	130	17
51	51	**Plunkett-Webster,** New Rochelle, N.Y.	75	75	0.0	5	6	Lumber (100)	70	70	10	NA	20	210	180	28
52	61	**Redwood Empire,** Morgan Hill, Calif.	74	65	13.8	3	2	Lumber (100)	100	100	45	52	12	43	65	4
53	57	**Empire Distributors,** Zeeland, Mich.	72	70	2.9	1	2	LBM/Molding (100)	100	100	10	15	0	101	150	15
54	56	**Sherwood Lumber,** Islandia, N.Y.	72	70	2.9	5	5	Lumber (100)	100	100	60	50	0	20	20	2
55	52	**Diamond Hill Plywood Co.,** Darlington, S.C.	72	73	− 1.4	10	10	LBM (50)	70	66	NA	10	50	180	260	32
56	54	**Futter Lumber,** Rockville Center, N.Y.	72	70	2.9	1	7	Lumber (100)	100	100	60	NA	0	17	18	NA
57	64	**Lumbermans of Grand Rapids Inc.,** Grand Rapids, Mich.	71	62	14.5	6	7	Lumber (80)	100	80	40	62	14	150	150	14
58	58	**Western Woods Inc.,** Chico, Calif.	70	70	0.0	1	1	LBM (100)	90	90	60	60	3	30	NA	0
59	49	**McEwen Lumber Co.**[10], High Point, N.C.	70	80	−12.5	13	16	Lumber (100)	50	50	20	NA	60	350	280	50
60	70	**Cedar Creek Wholesale,** Broken Arrow, Okla.	65	59	10.2	3	3	LBM (100)	100	100	10	8	30	200	88	15
61	60	**The Radford Co.,** Oshkosh, Wis.	65	65	0.0	4	4	LBM (100)	100	100	40	40	35	220	220	27
62	62	**Saxonville USA,** Sudbury, Mass.	64	64	0.0	3	3	Lumber (100)	85	85	10	10	15	25	25	0
63	69	**Prudential Metal**[11], E. Dedham, Mass.	61	60	2.5	8	5	Fasteners (100)	98	85	2	2	NA	157	136	35
64	66	**Mid-State Lumber,** Branchburg, N.J.	60	60	0.0	3	3	LBM (90)	100	100	40	12	16	110	52	8
65	65	**V.P. Winter Distributing Co.,** Taunton, Mass.	60	60	0.0	11	10	Lumber (100)	100	100	15	NA	1	200	200	25

**NHCN* sales estimate.

[1] Includes sales from PGL Building Products, Auburn, Wash. ($290 million and 11 DCs).

[2] Includes distribution in the United States and Canada.

[3] Includes sales from Benco Building Products, Greensburg, Pa. ($58 million and four DCs) and Stanline Inc., Norwalk, Calif. ($75 million and five DCs).

[4] A subsidiary of Forest City Trading Corp., Portland, Ore.

[5] Office wholesaler using six reload centers.

[6] A wholly owned subsidiary of Pacific Coast Building Products.

[7] Percentage of sales to retail is an *NHCN* estimate.

[8] Last year's chart erroneously included revenues unrelated to distribution business.

[9] Was formerly Cameron Wholesale.

[10] A division of International Paper.

[11] The company has just purchased a distribution center in Fayetteville, N.C., from Hanson Industries. It also plans to open three more DCs in the East this year. President Robert Kolikoff said the company's profits were $3 million last year.

NHCN chart

(Continued on page 40)

The Top Building Material Distributors

(Continued from page 36)

Rank		Company	Sales ($ Millions)		Sales % Chng. 1990-1991	Number of Distribution Centers		Product Specialty (% of total sales)	% of Sales From Retail Accounts		% of Sales Drop shipped		Co.-Owned Trucks 1991	Number of Employees		In-Field Sales-people 1991
1991	1990		1991	1990		1991	1990		1991	1990	1991	1990		1991	1990	
66	67	**Wausau Supply Co.,** Schofield, Wis.	60	60	0.0	6	6	Lumber (100)	95	95	30	NA	18	130	NA	11
67	71	**Jim White Lumber Sales,** Saginaw, Mich.	60	58	3.4	3	NA	LBM (100)	75	75	80	NA	0	26	NA	2
68	44	**Sabbeth Industries,** Deer Park, N.Y.	60	90	−33.3	3	7	LBM (100)	60	50	10	50	10	25	220	1
69	50	**Stringfellow Lumber Co.,** Birmingham, Ala.	60	80	−25.0	3	4	LBM (100)	50	40	15	NA	0	70	70	5
70	88	**Lumber Products,** Tualatin, Ore.	60	49	22.4	5	6	LBM (100)	35	35	5	10	25	135	130	16
71	85	**Hankins Lumber Sales Inc.[12],** Elliott, Miss.	60	50	20.0	1	0	Lumber (100)	25	25	30	30	8	NA	NA	0
72	72	**Schultz, Snyder & Steele Lumber,** Okemos, Mich.	58	57	1.8	4	5	Lumber (100)	100	100	40	21	0	124	122	7
73	73	**All-Coast Forest Products,** Chino Hills, Calif.	58	55	5.5	3	3	Lumber (100)	95	95	3	3	34	135	135	8
74	73	**Booker & Co.,** Tampa, Fla.	57	57	0.0	3	4	BM (60)	100	100	40	30	28	110	116	24
75	77	**Prudential Building Materials,** Miami	55	53	3.8	4	4	Roofing (100)	70	70	25	25	17	400	400	6
76	97	**Marks Forest Products,** Birmingham, Ala.	55	43	27.9	3	3	Lumber (100)	70	70	NA	NA	0	13	13	0
77	63	**Lawrence R. McCoy & Co.,** Worcester, Mass.	55	63	−12.7	5	2	LBM (100)	70	NA	10	NA	0	50	NA	16
78	75	**Aetna Plywood,** Arlington Heights, Ill.	55	55	0.0	4	4	LBM (90)	30	NA	NA	NA	15	NA	NA	16
79	68	**Morgan-Wightman Supply Co.,** Hazelwood, Mo.	55	60	− 8.3	5	5	LBM (95)	10	10	NA	NA	20	190	190	40
80	76	**Spartanburg Forest Products,** Spartanburg, S.C.	54	54	0.0	2	2	Lumber (100)	85	85	NA	NA	NA	13	122	2
81	79	**Goldenberg/Allied Plywood & Lumber,** Lynwood, Calif.	52	52	0.0	2	2	LBM (100)	20	10	NA	NA	12	130	130	12
82	98	**Ballie Lumber Co.,** Hamburg, N.Y.	50	42	19.0	11	11	Lumber (100)	100	100	50	50	0	300	300	7
83	81	**Wolf Distributing Co.,** York, Pa.	50	50	0.0	5	7	LBM (100)	100	100	NA	25	0	150	140	23
84	103	**Russin Lumber Corp.,** Montgomery, N.Y.	50	40	25.0	2	2	Lumber (100)	100	100	20	20	13	85	85	8
85	83	**Amerhart Ltd.,** Green Bay, Wis.	50	50	0.0	4	5	Lumber (65)	92	92	10	20	20	100	132	14
86	82	**Gilco Lumber Inc.,** Mobile, Ala.	50	50	0.0	3	4	Lumber (100)	90	95	NA	NA	10	175	175	10
87	59	**Fremont Forest Products,** Whittier, Calif.	50	70	−28.6	1	1	Lumber (100)	60	60	30	30	2	42	42	NA
88	80	**Reserve Supply Corp.,** Mineola, N.Y.	48	50	− 4.0	2	3	Lumber (100)	100	100	60	60	0	NA	NA	8
89	102	**The Palmer Donavin Manufacturing Co.,** Columbus, Ohio	48	42	14.3	3		Lumber (70)	50	NA	20	NA	24	155	NA	18
90	89	**Honsador Inc.,** Ewa Beach, Hawaii	48	48	0.0	5	3	LBM (90)	18	NA	25	NA	22	128	121	NA
91	90	**Diablo Timber,** Napa, Calif.	45	45	0.0	1	1	Lumber (100)	100	100	70	70	6	75	75	0
92	95	**Dairymans Supply Co.,** Mayfield, Ky.	45	43	4.7	3	3	Roofing (80)	100	100	90	90	14	70	70	9
93	105	**Glesby Building Materials Inc.,** Van Nuys, Calif.	45	40	12.5	2	2	Drywall/Roofing (90)	100	70	NA	NA	26	90	100	7
94	92	**Building Products Inc.,** Watertown, S.D.	45	45	0.0	4	4	Lumber (95)	98	98	NA	NA	10	120	120	10
95	78	**Building Material Distributors,** Galt, Calif.	45	52	−13.5	6	5	BM/Millwork (100)	90	90	5	18	20	175	195	22
96	84	**Canfor U.S.A. Corp.,** Meridian, Idaho	45	50	−10.0	2	2	Lumber (100)	80	80	NA	NA	0	138	NA	0
97	93	**Fessenden Hall,** Pennsauken, N.J.	45	45	0.0	4	3	Lumber/Cabinets (100)	25	25	30	18	23	80	150	5
98	86	**Vista Lumber Co.,** Escondido, Calif.	45	50	−10.0	2	1	LBM (90)	15	15	75	NA	9	70	NA	5
99	94	**Lane-Stanton-Vance Lumber Co.,** City of Industry, Calif.	44	44	0.0	4	4	LBM (100)	35	NA	75	NA	12	120	NA	14
100	108	**Morgan Lumber Sales Co.,** Columbus, Ohio	44	40	10.0	3	3	Lumber (100)	10	10	NA	NA	50	100	100	14
101	96	**Richmond International Forest Prods[13],** Glen Allen, Va.	43	43	0.0	1	1	LBM (100)	100	100	NA	NA	0	20	20	0
102	99	**Geo. McQuesten Co.,** North Billerica, Mass.	43	42	2.4	5	6	LBM (100)	95	95	70	70	10	90	90	12
103	109	**Mid-Am Building Supply,** Moberly, Mo.	42	38	9.7	5	5	Lumber (100)	100	90	25	30	10	110	100	14
104	100	**Dallas Wholesale Builders Supply,** Dallas	42	42	0.0	1	1	LBM (45)	85	85	7	NA	13	90	80	10
105	104	**Blount Lumber Co.,** Lacona, N.Y.	41	40	2.5	1	1	Doors (100)	80	80	30	30	15	160	160	13
106	101	**JGA Corp.,** Atlanta	41	42	− 2.4	6	6	BM/Roofing (95)	60	55	NA	40	12	105	100	14
107	106	**Florence Corp.,** Huntington, N.Y.	41	40	2.5	3	3	Lumber (90)	60	60	75	75	20	120	120	10
108	110	**Weekes Forest Products,** St. Paul, Minn.	40	38	5.3	1	1	Lumber (100)	90	90	45	50	0	40	35	2
109	107	**Bloch Lumber,** Chicago	40	40	0.0	7	5	LBM (80)	50	50	45	45	0	22	20	NA
110	111	**Klumb Lumber,** Jackson, Miss.	38	38	0.0	3	2	Lumber (100)	70	70	5	30	3	90	43	10
111	122	**Atlantic Building Products[14],** Lakeville, Mass.	35	25	40.0	3	2	LBM (95)	100	100	40	NA	9	50	40	8
112	114	**Reisen Lumber Industries,** Union, N.J.	35	35	0.0	1	2	LBM (87)	40	40	20	NA	16	85	96	11
113	115	**Arling Lumber,** Cincinnati	34	34	0.0	2	2	Lumber (100)	90	80	10	8	15	40	32	4
114	121	**East Coast Millwork,** Elkin, N.C.	33	26	26.9	2	2	LBM (100)	100	100	15	15	32	205	205	22
115	120	**A.W. Hastings and Co.,** Enfield, Conn.	31	26	19.2	4	4	Windows (100)	100	100	50	50	0	75	60	25
116	113	**Allied Plywood Corp.,** Alexandria, Va.	30	36	−16.7	6	5	LBM (100)	10	10	5	NA	23	108	84	20
117	118	**Boddington Lumber,** Colorado Springs, Colo.	28	28	0.0	5	5	Lumber (80)	100	100	5	5	4	70	100	7
118	116	**Metropolitan Lumber,** Oak Brook, Ill.	28	30	− 6.7	1	0	Lumber (100)	85	41	NA	NA	0	14	11	0
119	119	**Genesee Reserve Supply,** Rochester, N.Y.	27	27	0.0	1	1	LBM (90)	100	100	40	40	3	28	31	1
120	125	**United Plywoods Corp.,** Birmingham, Ala.	27	23	17.4	3	3	LBM (100)	60	60	15	10	25	68	70	10
121	123	**Fischer Building Materials Cos.,** Memphis, Tenn.	26	25	4.0	2	NA	Lumber (98)	60	60	30	NA	28	170	NA	14
122	124	**Clay Ingles,** Lexington, Ky.	25	25	0.0	2	2	LBM (95)	15	15	5	5	12	50	100	4
123	127	**Wheeler Consolidated,** West Des Moines, Iowa	21	21	0.0	1	2	LBM (100)	100	100	65	40	10	200	NA	2
124	112	**H.M. Stauffer & Sons,** Leola, Pa.	21	38	−44.7	1	2	Lumber (100)	65	65	40	NA	10	170	200	9
125	117	**Hearin Forest Industries[15],** Portland, Ore.	20	30	−33.3	1	0	LBM (100)	30	30	NA	90	0	7	40	0
126	126	**Holt & Bugbee,** Tewksbury, Mass.	20	22	− 9.1	1	1	LBM (100)	25	25	NA	NA	5	60	105	6
		Totals	$18,284	$18,910	− 3.3	1,067	1,072						5,219	36,407	33,092	3,157
		Averages	145	150	1.9	8.5	8.8		74.5	74.4	30.7	31.4	43.5	305.9	303.6	27.0

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[12] Company is an office wholesaler.
[13] A subsidiary of Forest City Trading Corp., Portland, Ore.
[14] Was formerly Barnstable County Supply.
[15] Company has split into Hearin Forest Industries and Hearin Forest Products, the latter doing approximately $10 million in sales.

NHCN chart

BM buying groups reposition for new growth

Rank		Company	Sales ($ Mil.)		% Chng.	LBM as % of Sales		Dealer/ Members (Store Ct.)		Percent of Sales From Home Centers		Employees	
1991	1990		1991	1990	91-90	1991	1990	1991	1990	1991	1990	1991	1990
1	1	**Lumbermen's Merchandising Corp.[1],** Wayne, Pa.	**$ 884**	$1,056	**−16.3**	**85**	85	**270**	270	**45**	45	**166**	166
2	2	**Builder Marts of America,*** Greenville, S.C.	**334**	380	**−12.1**	**80**	80	**900**	900	**90**	90	**152**	155
3	3	**Central Builders Supply,** Sturgis, Mich.	**325**	317	**2.5**	**100**	100	**500**	545	**20**	30	**43**	48
4	5	**Progressive Affiliated Lumbermen,** Grand Rapids, Mich.	**202**	192	**5.2**	**59**	100	**257**	235	**100**	100	**24**	21
5	6	**Allied Building Stores,** Monroe, La.	**198**	183	**8.2**	**80**	80	**160**	158	**80**	50	**53**	55
6	4	**ENAP,** New Windsor, N.Y.	**190**	204	**− 6.9**	**100**	100	**120**	118	**85**	85	**46**	53
7	7	**Philadelphia Reserve Supply,** Croydon, Pa.	**66**	122	**−45.9**	**100**	90	**170**	184	**50**	30	**32**	35
8	8	**Independent Builders Supply Association,** Smithfield, N.C.	**66**	98	**−32.7**	**85**	85	**117**	115	**70**	70	**11**	11
		Totals **Averages**	**2,265** **283.1**	2,552 319.0	 **−12.2**	 **86.1**	 90.0	**2,494** **312**	2,525 316	**540** **67.5**	500 62.5	**527** **66**	544 68

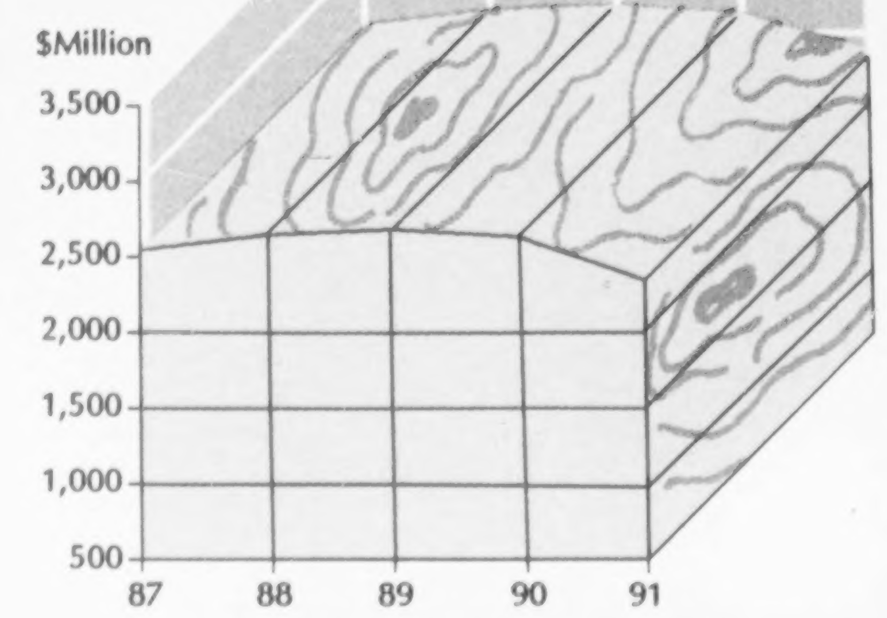
The average percent change represents the average of each company's percentage gain or decline.

[1] 1991 sales and number of dealer-members are *NHCN* estimates.

**NHCN* estimate

NHCN chart

Total Co-op Sales



Sales % Change 1987-1991	
LMC	− 3.9
BMA	−33.2
CBS	29.0
PAL	24.7
Allied	43.5
ENAP	−20.5
Presco	−58.8
IBSA	−25.8

Company	Sales 1991 ($mil.)	Purch. From Dealer 1991 $	Sales 1987 ($mil.)	Purch. From Dealer 1987 $	Purch. From Dealer % Change 1987-1991
LMC	884	3,274,074	920	3,407,400	-3.9
BMA	334	371,111	500	270,270	37.3
CBS	325	650,000	252	480,000	35.4
PAL	202	785,992	162	750,000	4.8
Allied	198	1,237,500	138	862,500	43.5
ENAP	190	1,583,333	239	1,648,276	− 3.9
Presco	66	388,235	160	846,561	− 54.1
IBSA	66	564,103	89	890,000	− 36.6
Totals Averages	2,265 283.1	908,180 1,106,794	2,460 307.5	1,374,302 1,084,335	-3.4 2.1

NHCN chart

LMC sales feel the drag of N.E. recession

WAYNE, Pa. — The economy played havoc with the industry's largest commodities broker last year.

After boosting sales 2.7 percent in 1990—a year when other East Coast lumber and building materials brokers experienced sales declines of as much as 21 percent—Lumbermen's Merchandising Corp. (LMC) was finally hit by the recession.

For the year ended Sept. 30, LMC's sales fell 16 percent to $884 million.

However, its dealer-membership grew by six members last year to a total of 270 members operating about 600 yards, according to a source close to LMC.

This source believes LMC's heavy concentration of dealers in the Northeast, where building demand effectively dried up during the recession, accounted for much of its sales decline.

And, this source continued, because sales to dealers are down and they are buying less from LMC, their rebates (some of which are paid out in the form of preferred and common stock) have declined, causing LMC's net worth to fall by $381,140.

These two components equate to LMC's equity or the amount of purchases made from LMC.

Last year was the first full year for LMC's new president and ceo, Anthony DeCarlo. DeCarlo joined LMC in 1977 and was senior vp of the building materials division before taking over for William Van Lanen, who retired.

Like the other brokers, LMC's challenge in the next year will be to meet and beat prices being offered by buying groups such as Ace Hardware, Hardware Wholesalers Inc., Cotter & Co. and ServiStar Corp.

The larger co-ops have stolen business from LMC because they offer dealers long dating periods on lumber and commodities, which brokers traditionally have not.

BMA foresees growth with new programs

GREENVILLE, S.C. — Although Builder Marts of America (BMA) reported a sales decline in 1991, its president, Brian MacKenzie, is confident that the employee-owned dealer services group now has strong programs in place that can effect a turnaround.

This year, he projects sales increases of between 30 and 35 percent, with a further 25 percent gain in 1993.

Over the last two years, BMA has developed a marketing strategy to get closer to its customer base. Last year, business with its top 100 customers increased 26 percent, according to MacKenzie.

"In order for the independent lumber and building material dealers to survive and prosper, they have to change the way they do business," he said. "We are now sharing in the mechanics of their business, looking at what kinds of products are stocked, the level of pricing."

As part of this new approach, the company opened two DCs and five reload centers to improve lead times. Dealers in northern California, for example, wanting to buy in less-than-truckload quantities can now do so from the DC there. In addition, a separate DC in Idaho handles millwork items exclusively. The DCs and reload center currently handle between 10 and 15 percent of BMA's total product mix.

BMA also experimented with regional buying shows for the first time last year.

"Given the economic climate, we thought we could get closer to where the customers do business," said MacKenzie. "And then they could bring along their employees."

It held three such shows in the fall, in Reno, Nev., Dallas and Boston, in addition to its national spring buying show. In spite of the good turnout and sales, BMA decided to return to one national show this year, to be held in Nashville, Tenn., in August, as vendors "were getting showed-out," according to MacKenzie.

In another development, BMA settled its suit with nine former employees through the U.S. District Court last October. The suit stemmed from a compensation amendment in 1988 changing the way stock was valued and payouts made to participating employees who left or were terminated.

The nine employees received between $300,000 and $600,000 less than anticipated, according to William Kehl, an attorney and ESOP administrator of the BMA plan. Kehl is with the law firm Wyche, Burgess, Freeman and Parham.

Mackenzie hailed the settlement as "removing the blemish" from BMA's reputation.

CBS benefits from well-laid plans in '91

STURGIS, Mich. — Central Builders Supply's modest increase in sales pleased its president, Bret Pobanz, especially in a year that began with what looked to be a major war and ended in recession.

Pobanz said that 1991 was a year in which many of CBS' previously established programs came to fruition.

For example, the commodities broker's electronic buying show was such a big hit in 1990 that last year CBS split it into three separate events. The buying group had a lumber show in May, and a commodities and separate hardlines show in August. All three events yielded good participation, Pobanz said, and the group expects to run the show the same way this year.

Last year, CBS stepped up contract-loads, and was able to get dealer commitments for considerably more product, according to Pobanz. CBS has finally reached the point in 1992 at which its lumber contract positions are filled for the entire year prior to January.

One program that did not pan out for CBS was its proposed strategic alliance with Sentry Hardware Corp., which is now part of Distribution America.

"We looked at Sentry at the beginning of last year and, when they took another direction, we decided we wouldn't pursue it," said Pobanz, alluding to Sentry's merger with Liberty Distributors.

PAL continues to beat the economic odds

GRAND RAPIDS, Mich. — In its typically low-key style, Progressive Affiliated Lumbermen (PAL) continues to

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(Continued from page 42)

beat the economic odds and grow sales as well as its member complement.

The lumber buying group, based here, secured an additional 31 lumberyards as members in 1991—not as strong as 1990's 44-member expansion but still a significant swelling of its ranks, said president Bill Danzig.

The continued expansion is thanks largely to the efforts of Duke Boogaard, the full-time recruiter that PAL hired late in 1990. Danzig praised Boogaard and his staff for doggedly "thumping the bushes" for potential customers and for accommodating existing members in order to avoid attrition.

Sales improved 5 percent, no mean feat considering the ever-rising price of lumber and lower general demand for building materials applied to new construction. PAL prudently advised its members to buy into the lumber market earlier than ever. A number of its members took heed and bought deep in November and December of 1990; the rest took a bit of a hit, according to Danzig.

In 1992, expect more of the same, the PAL president said. He believes the role that PAL and its competitors play in the industry is as vital as ever, despite the growing interest among hardlines co-ops in building materials.

The True Values and HWIs of the world are getting good at running lumber and building materials programs, Danzig said, "but they're not quite there yet in terms of really being able to compete with a dedicated lumber buying group."

Allied rides resurgence in Southwest

MONROE, La. — Allied Building Stores increased its sales 8.2 percent in 1991 to $198 million. And last year's sales increase only perpetuated the rising sales pattern that this co-op has experienced in the past few years.

In 1990, sales of $183 million were up 2.8 percent from 1989's $176 million.

Vice president Bob Carson attributed last year's increase to the resurgence of business in the Southwest, where several of the buying group's members are located. Allied also signed two new dealers, both located in that region of the country.

Carson said the company continued to increase its use of cross-docking, with 86 percent of its sales being derived from drop shipments.

Allied only stocks an average of $1.8 million in inventory in its warehouses. As a result, dealer-members are able to receive small quantities of merchandise in direct shipments.

The buying group—which opened two new warehouses in 1990, in Tennessee and Texas—has no significant new programs or expansion plans in mind for this year, according to Carson. But he did say that the company has a positive outlook for 1992. "We're just trying to do everything better," he said.

ENAP cost efficiencies boost profits

NEW WINDSOR, N.Y. — Sales for ENAP, the Northeast distributor whose names means Everyone Needs A Profit, declined nearly 7 percent last year to $190 million.

"We became more profitable even though sales are down," said Mike Guinan, controller.

He explained that the company achieved a number of cost efficiencies. It pared down employees from 53 to 42, took out

(Continued on page 46)

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(Continued from page 43)

favorable bank loans and minimized its bad-debt ratio.

ENAP projects a modest increase in sales of around 5 percent in 1992 to about $200 million, according to Guinan. The group will probably add a salesperson to expand its market farther south, from Virginia into the Carolinas and Georgia.

The bulk of its dealer-members are located in the Northeast, where the recession has hit the hardest and where problems with the banking industry remain unresolved.

In spite of these hardships, the group boosted membership to 120 members last year. It lost two dealers and added four.

The buying group continues to handle building materials and specializes in wood and roofing products. Although lumber prices rose in the first quarter of 1992, ENAP was able to get supplies and has not had to switch to new sources.

About 85 percent of its business continues to come from home centers. "We're looking for a good year, and are slowly getting out of the recession. The first quarter was a good one," said Guinan.

Presco shows pluck despite sales plunge

CROYDEN, Pa. — Philadelphia Reserve Supply (Presco) saw its sales for 1991 fall by $56 million to $66 million.

But that drop wasn't as cut-and-dried as it might appear. Charles Gormley, the company's controller, explained that Presco in November 1990 dropped one of its major commodities suppliers because it was unprofitable. This supplier's products, however, had generated $40 million in sales, which disappeared.

Without that business being factored into the company's performance, Presco's revenues in 1990 would have fallen to $82 million from $122 million in 1989. So the 1991 decline to $66 million represented a 19.5 percent drop from the previous year.

Presco's membership in 1991 fell to 170 dealers from 184. Some of the members went out of business and, in other cases, the co-op chose to drop dealers who were not paying bills on time, Gormley said.

But despite tough economic times, Presco is positioning itself for the future. The co-op installed a new Digital computer system last year to replace its former IBM system.

And this year is off to a great start. Through the end of March, Presco had sales of $23 million, $4 million more than the company expected.

IBSA income unaffected by sales decline

SMITHFIELD, N.C. — Independent Builders Supply Association, the commodities broker here, saw its sales decline by one-third in 1991 after the group discontinued a warehouse program with one of the industry's leading distributors.

During last year, IBSA members were no longer able to buy building products through Georgia-Pacific's network of distribution centers, whose own revenues last year dropped $300 million to $4 billion.

However, while the co-op's sales from its 117 dealer-members declined, "it didn't affect our profits," said Robert Matthews, IBSA's executive vp.

Matthews said that business in the first three months of 1992 had "picked up a bit," as the company is anticipating a stronger year this year.

But IBSA doesn't have any radical changes planned to increase revenues. "We're concentrating on holding down costs, which we've been doing for the last few years," said Matthews.

Like other commodities brokers, IBSA operates no warehouse facilities, and employs a small staff of 11.

July
EXPO 92

International Lawn, Garden &
Power Equipment Expo
[illegible]
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S M T W T F S

Sunday
July
1992
26th
Outdoor demonstration area open 8 am-5 pm
Exhibits open 9 am-5 pm
Free EXPO seminars —
Dealing Effectively with Hazardous Waste 1-2 pm
Planning for the Succession of Family-Owned & Closely Held Businesses 2-3 pm
Reception for international visitors 4:30-6 pm

Monday
July
1992
27th
Outdoor demonstration area open 8 am-5 pm
Exhibits open 9 am-5 pm
Free EXPO seminar —
Improving Business Results During Challenging Times 1-3 pm
Dinner and concert 6-9:30 pm

Tuesday
July
1992
28th
Outdoor demonstration area open 8 am-noon
Exhibits open 9 am-3 pm
Free EXPO seminar —
Distribution and Competition in a Changing Marketplace 10 am-noon

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Hard times hamper hardlines wholesalers

by John Sinisi

Those that prosper pick up accounts of those that don't

Hardware Store

Hardlines—paint, hardware, tools—are being given more space by dealers, but wholesalers last year struggled with the economy, and found growth only through market attrition. NHCN photos

NATIONAL REPORT — The kindest thing Ray Thomas could say about 1991 was that it was over.

Thomas, the president of Frederick Trading and a 47-year veteran of the hardlines wholesale business, said he has never seen business as bad as it was in 1991. Times were so tough that he was forced at the start of this year to lay off a few people.

"We're of the theory that we can't sell for any more than we already charge, and we can't buy for any less than we pay, which leaves lowering the cost of operations as the quickest way to shore up earnings," the chief executive said.

Thomas' Frederick, Md.-based company suffered a sales decline of around 2 percent and a drain on profits in 1991. His comments about last year were shared by many hardlines wholesalers, as the industry's sales were flat and profits, they said, were way down.

Only 10 of the companies in this year's *NHCN* Hardlines Distributor Scoreboard managed to increase their sales by more than 10 percent. By contrast, seven companies reported their revenues declined by more than 10 percent.

Just as in 1990, the hardware wholesale business last year was in a lean, mean, scavenger mode. Squeezed increasingly by warehouse chains and nationwide chains, as well as by the growing sophistication of the hardlines co-ops, hardlines distributors continue to look for new business, usually at the expense of a competitor.

Picking up the pieces

Many of those who made money in 1991 picked up accounts from those who went out of business. The demise of General Hardware and George Worthington Co., as well as smaller concerns like Budrow & Co., broadened coverage for firms such as Bostwick-Braun, RKB Enterprises, Kruse Hardware and, by *NHCN*'s estimation, Orgill Brothers.

"We hired 22 salespeople from Worthington and expanded our coverage into four more states," said Kruse Hardware's president, Joe Heinrich. Kruse's Worthington windfall fetched 400 new retail accounts in new territories of Michigan, Pennsylvania, West Virginia and New York.

Other wholesalers benefited from being swallowed up by larger concerns. One of the big gainers, Witte Hardware, improved by over 55 percent. Some of that is attributable to the acquisition of Witte and its sister company, Central Hardware, by Handy Andy Home Improvement Centers, although Witte's president Neal Marglous insisted that his company's sales growth went beyond simply picking up Handy Andy's business.

But growth through acquisition was not a panacea. S&T Wholesale Hardware, for example, improved its sales by only a little over 7 percent, through added business from its new parent, the Our Own Hardware co-op.

Hold on to what you've got

Aside from growth through attrition or acquisition, the best any wholesaler could hope to achieve was to get out of last year with what they had going in.

"It was simply a very tough year, due to the war and recession," said Moore-Handley chairman William Riley. His company reported a loss last year on sales that were up just 7.1 percent.

That distributor's straightforward agenda for 1991 was to keep costs in line and continue to provide as high a level of service as possible. In some cases, that meant deliberately dropping accounts that failed to provide sufficiently high profits in order to tend to more lucrative clients.

The cold economic climate forced Frederick Trading's Thomas at the start of 1992 to make some moves that he admitted he should have made in 1991. Frederick had to lay off three distribution center middle managers and eight people from the headquarters staff.

Future investment

Over the longer term, Thomas is making some constructive changes. For one, the company added 10 trucks to its fleet after an aggressive new-accounts drive yielded fresh business in Pittsburgh and the Mid-Atlantic states.

And after visiting Cotter & Co.'s new distribution center in Corsicana, Texas, Thomas also decided to make a $1.6 million investment in electronic data interchange (EDI) and other automation upgrades to streamline Frederick's DC. The company expects to recoup that investment by mid-1995.

In the Northwest, Morse Hardware president Bud Pritchard put into place a five-year plan that is simpler and costs less than Frederick's: try to deal only with accounts that will probably be around in five years. But finding those customers is easier said than done, Pritchard agreed.

For the balance of hardlines wholesalers, 1991 served as a wake-up call: a painful reminder that distributors need to continue to invest in fresher services and quicker and more dependable delivery. To do any less virtually guarantees that a company's assets will become so much food for the rest of a very hungry industry.

The Top Full-Line Hardlines Distributors

Rank		Company	Sales ($ Millions)		Sales % Chg. 1990-1991	Number of Distribution Centers		Product Specialty (% of Total Sales)	% of Sales From Retail Accounts		% of Sales Drop Shipped		Co.-Owned Trucks	Number of Employees		In-Field Sales-people	1991 Buying Group Affiliation
1991	1990		1991	1990	1991	1991	1990		1991	1990	1991	1990	1991	1991	1990	1991	
1	1	**Orgill Brothers***, Memphis, Tenn.	**150**	138	**8.7**	**7**	7	Hardlines (80)	**100**	100	**20**	NA	**100**	**600**	550	**160**	DA
2	7	**Witte Hardware Corp.**, St. Louis	**144**	92	**56.5**	**2**	1	Tools (37)	**100**	100	**17**	19	**0**	**420**	325	**22**	DA
3	2	**California Hardware**, City of Industry, Calif.	**125**	115	**8.7**	**2**	1	Hardlines (94)	**80**	80	**25**	25	**35**	**300**	300	**65**	DA
4	3	**Moore-Handley**, Birmingham, Ala.	**120**	112	**7.1**	**3**	1	Hardlines (100)	**100**	100	**10**	26	**NA**	**431**	435	**NA**	Pro
5	4	**L.G. Cook Distributing**, Grand Rapids, Mich.	**105**	110	**− 4.5**	**1**	1	Hardware/Paint (40)	**100**	100	**10**	7	**35**	**250**	270	**50**	DA
6	6	**Alltrade Inc.**, City of Commerce, Calif.	**100**	100	**0.0**	**2**	2	Electricals (60)	**100**	100	**5**	NA	**0**	**75**	75	**0**	
7	5	**C. Itoh Building Products Co.**, Elmsford, N.Y.	**100**	100	**0.0**	**10**	8	Metal Products (100)	**100**	100	**30**	10	**10**	**180**	120	**38**	
8	8	**Emery-Waterhouse**, Portland, Maine	**85**	91	**− 6.6**	**1**	1	Hardlines (100)	**100**	100	**15**	21	**0**	**300**	313	**30**	DA
9	9	**Crescent & Spraque Supply Co.**, Marietta, Ohio	**85**	82	**3.7**	**1**	1	Electricals (65)	**10**	10	**15**	NA	**7**	**47**	NA	**7**	Allied
10	10	**Jensen-Byrd Co.**[1], Spokane, Wash.	**83**	75	**10.7**	**1**	1	Hardware/Tools (50)	**100**	100	**12**	8	**8**	**250**	300	**22**	DA
11	13	**Monroe Hardware Co.**, Monroe, N.C.	**71**	71	**0.0**	**3**	3	Hardware/Tools (75)	**100**	100	**1**	1	**NA**	**350**	375	**NA**	DA
12	14	**Commerce Distributors**, Linthicum Heights, Md.	**70**	69	**1.4**	**2**	1	L&G (75)	**100**	100	**30**	NA	**0**	**175**	NA	**40**	Gro
13	11	**Masback Hardware**, North Bergen, N.J.	**70**	75	**− 6.7**	**3**	2	Hardware/Tools (75)	**90**	90	**8**	6	**NA**	**285**	300	**NA**	DA
14	12	**Decatur Hopkins***, Taunton, Mass.	**65**	75	**−13.3**	**1**	1	Tools/Electricals (50)	**50**	50	**NA**	0	**18**	**200**	200	**25**	
15	15	**Frederick Trading**, Frederick, Md.	**62**	63	**− 1.6**	**1**	1	Tools (67)	**87**	87	**13**	13	**52**	**360**	370	**47**	DA
16	16	**RKB Enterprises**, Elmira, N.Y.	**60**	60	**0.0**	**1**	1	Hardware/Tools (28)	**95**	95	**5**	13	**20**	**210**	305	**39**	Pro
17	17	**Bacar Inc.**, San José, Calif.	**54**	54	**0.0**	**1**	1	Electricals (92)	**100**	100	**2**	4	**4**	**330**	330	**65**	
18	18	**House-Hasson Hardware**, Knoxville, Tenn.	**52**	50	**4.0**	**1**	1	P/E (40)	**100**	100	**15**	18	**20**	**250**	250	**50**	DA
19	22	**Bostwick-Braun Co.**, Toledo, Ohio	**51**	46	**10.9**	**1**	1	P/E (50)	**70**	70	**10**	19	**22**	**200**	188	**50**	Pro
20	19	**Wallace Hardware**, Morristown, Tenn.	**50**	50	**0.0**	**3**	1	Hardware/Tools (30)	**90**	90	**35**	26	**30**	**200**	200	**43**	Pro
21	21	**Porteous Fastener Co.**, Carson, Calif.	**50**	50	**0.0**	**9**	9	Hardware/Tools (100)	**10**	10	**2**	2	**35**	**200**	200	**10**	
22	29	**Kruse Hardware**, Fairfield, Ohio	**48**	36	**33.3**	**1**	1	Hardlines (75)	**100**	100	**18**	17	**3**	**190**	170	**41**	DA
23	23	**Blish-Mize Co.**, Atchison, Kan.	**45**	44	**2.3**	**1**	1	Tools (40)	**100**	100	**10**	NA	**30**	**200**	200	**40**	DA
24	30	**Sunshine Industries**, Cleveland	**45**	36	**25.0**	**1**	1	Household chem. (60)	**90**	90	**NA**	NA	**4**	**125**	105	**34**	Pro
25	24	**Pacific Steel & Supply**, San Leandro, Calif.	**43**	43	**0.0**	**1**	1	Steel/Nails (100)	**100**	100	**NA**	NA	**NA**	**63**	NA	**NA**	LMC, PM
26	27	**Hillman Fastener**[2], Cincinnati	**42**	40	**5.0**	**6**	6	Hardware/Tools (100)	**80**	80	**40**	NA	**1**	**152**	NA	**100**	
27	25	**Right Way Dealer Warehouse Inc.**, Armonk, NY	**40**	40	**0.0**	**3**	3	Hardlines (100)	**100**	100	**NA**	NA	**1**	**NA**	NA	**2**	Val-Test
28	20	**Kaner Co.**, Los Angeles	**39**	50	**−22.0**	**5**	5	Hardware/Tools (86)	**15**	15	**2**	NA	**25**	**155**	NA	**25**	
29	26	**Odell Hardware Co.**, Greensboro, N.C.	**38**	40	**− 5.0**	**2**	1	P/H/C/Hardware (40)	**100**	100	**9**	NA	**NA**	**250**	NA	**NA**	DA
30	28	**Amarillo Hardware**, Amarillo, Texas	**38**	36	**5.6**	**1**	1	P/E (40)	**100**	100	**10**	13	**20**	**163**	121	**35**	DA
31	32	**Cascade Wholesale Hardware**, Aloha, Ore.	**35**	33	**6.1**	**2**	2	Hardware (100)	**100**	100	**5**	5	**5**	92	**85**	**25**	Pro
32	33	**South States Inc.**, Shreveport, La.	**31**	31	**0.0**	**2**	2	P/E (35)	**95**	95	**8**	3	**24**	**135**	165	**47**	DA
33	35	**CC Distributors**, Corpus Christi, Texas	**30**	25	**20.0**	**1**	1	P/E (60)	**50**	50	**20**	18	**4**	**98**	88	**12**	Pro
34	34	**S&T Wholesale Hardware**, Jeffersonville, Ind.	**28**	30	**− 6.7**	**1**	1	Hdwe./Electricals (40)	**100**	100	**35**	30	**0**	**125**	122	**16**	DA, Our Own
35	36	**Hardlines Marketing**, Milwaukee	**23**	23	**0.0**	**1**	1	Tools/Paint (50)	**100**	100	**3**	3	**4**	**78**	98	**7**	Pro/NPD
36	38	**Brown-Rogers-Dixson**, Winston-Salem, N.C.	**23**	23	**2.2**	**3**	3	Appliances/Hdwe (78)	**40**	40	**10**	5	**14**	**150**	150	**28**	Val-Test
37	40	**Buttery Hardware**, Llano, Texas	**22**	22	**0.0**	**1**	1	P/H/C (45)	**85**	100	**3**	10	**11**	**123**	125	**17**	Val-Test
38	39	**B.E. Atlas Co.**, Chicago	**21**	22	**− 4.5**	**2**	2	P/E (40)	**100**	100	**NA**	NA	**2**	**60**	60	**1**	Pro
39	31	**American Wholesale Hardware***[3], Long Beach, Calif.	**20**	34	**−41.2**	**1**	1	Hardlines (100)	**85**	85	**5**	5	**4**	**85**	130	**35**	DA
40	44	**Wright & Wilhelmy Co.**, Omaha, Neb.	**20**	19	**5.3**	**1**	1	Hardware/Tools (25)	**80**	80	**8**	5	**9**	**90**	103	**28**	DA
41	41	**W.H. Kiefaber Co.**, Dayton, Ohio	**20**	20	**0.0**	**7**	7	P/H/C (35)	**30**	40	**NA**	5	**22**	**120**	140	**35**	Val-Test
42	37	**Lebovitz Wholesale Hardware**, Chicago	**19**	23	**−17.4**	**1**	1	Tools (32)	**100**	100	**20**	20	**5**	**80**	85	**16**	DA
43	43	**Henderson & Baird Hardware**, Greenwood, Miss.	**19**	19	**0.0**	**2**	1	P/E (60)	**90**	100	**NA**	7	**18**	**100**	83	**29**	DA
44	46	**Pioneer Wholesale Supply**, Salt Lake City	**19**	18	**5.6**	**1**	1	Hardware (50)	**65**	65	**NA**	11	**10**	**85**	74	**12**	Pro
45	45	**Long-Lewis Hardware**, Birmingham, Ala.	**18**	18	**0.0**	**1**	1	L&G (40)	**80**	80	**10**	10	**NA**	**68**	70	**NA**	Pro
46	47	**Builders Hardware & Supply Corp.**, Seattle	**18**	18	**0.0**	**2**	2	Hand Tools (100)	**60**	60	**5**	1	**5**	**105**	120	**14**	Pro
47	42	**Charles McMurray Co.**, Fresno, Calif.	**18**	20	**−10.0**	**2**	2	Cabinets/Vanities (50)	**25**	25	**10**	7	**2**	**50**	55	**11**	Reliable
48	51	**Summers Hardware & Supply Co.**, Johnson City, Tenn.	**17**	17	**0.0**	**1**	1	Tools (64)	**50**	50	**10**	7	**10**	**72**	115	**15**	AHB
49	54	**Hall & Knight Co.**, Lewiston, Maine	**17**	16	**6.3**	**1**	1	P/H/C (44)	**45**	45	**5**	4	**10**	**95**	115	**15**	DA
50	57	**Galbraith Steel & Supply Co.**, Dallas	**16**	14	**14.3**	**1**	1	Hardware/Tools (60)	**95**	95	**NA**	20	**13**	**74**	NA	**17**	Pro
51	53	**Mutual Distributors**, Honolulu	**16**	16	**0.0**	**1**	1	Appliances (36)	**90**	90	**2**	1	**NA**	**65**	70	**NA**	DA
52	49	**Heusinger Distributors**, San Antonio, Texas	**16**	18	**− 8.6**	**1**	1	Paint/L&G/P/H/C (60)	**80**	80	**1**	NA	**17**	**98**	84	**21**	Pro
53	52	**Garehime Corp.**, Brisbane, Calif.	**15**	16	**− 6.3**	**1**	1	Tools (70)	**100**	100	**6**	10	**2**	**65**	50	**15**	Pro
54	56	**Watters & Martin Inc.**, Norfolk, Va.	**15**	14	**7.1**	**1**	1	Hardlines (100)	**100**	100	**NA**	8	**9**	**100**	92	**27**	DA
55	50	**Nelson-Roanoke Corp.**, Roanoke, Va.	**15**	17	**−11.8**	**2**	1	Tools (60)	**80**	80	**NA**	23	**NA**	**105**	110	**NA**	DA
56	59	**Becknell Wholesale Co.**[4], Lubbock, Texas	**14**	13	**7.7**	**1**	2	Farm Equipment (85)	**85**	85	**1**	3	**3**	**350**	350	**13**	AHB
57	58	**Wilco Supply**, Oakland, Calif.	**14**	14	**3.7**	**1**	1	Hardware (100)	**70**	70	**15**	5	**0**	**60**	59	**15**	Reliable
58	48	**West Texas Wholesale Supply**, Abilene, Texas	**14**	18	**−22.2**	**1**	1	Plumbing (35)	**40**	40	**6**	15	**0**	**75**	80	**18**	DA
59	60	**George C. Wetherbee & Co.**, Detroit	**13**	12	**8.3**	**1**	1	Hardware/Tools (50)	**100**	100	**8**	1	**5**	**54**	55	**9**	Reliable
60	55	**Buhrman-Pharr Hardware**, Texarkana, Texas	**13**	14	**− 9.7**	**1**	1	Tools (55)	**90**	90	**1**	1	**16**	**100**	100	**12**	Reliable
61	61	**Sheffield Hardware**, Americus, Ga.	**12**	12	**0.0**	**1**	1	Hardware/Tools (35)	**99**	99	**5**	3	**9**	**52**	53	**10**	DA
62	65	**Available Hardware**, Post Falls, Idaho	**12**	10	**20.0**	**3**	3	Hardlines (70)	**35**	35	**5**	NA	**0**	**60**	NA	**11**	NPD
63	62	**C.H. Miller Hardware Co.**, Huntingdon, Pa.	**11**	11	**0.0**	**1**	1	Tools (27)	**90**	90	**10**	5	**4**	**90**	90	**8**	Pro
64	63	**Jett Supply**, Pueblo, Colo.	**10**	10	**0.0**	**3**	1	Steel/Chains (100)	**100**	100	**10**	30	**7**	**40**	30	**4**	
65	66	**Biscayne Electric & Hardware**, Miami	**10**	9	**11.1**	**1**	1	P/E (45)	**95**	95	**5**	5	**0**	**65**	65	**15**	Val-Test
66	64	**Blackstone Supply**, Providence, R.I.	**10**	10	**0.0**	**1**	1	Hardware/Tools (40)	**60**	60	**NA**	3	**3**	**35**	40	**7**	Pro
67	67	**Morse Hardware**, Bellingham, Wash.	**10**	9	**11.1**	**1**	1	Hand tools (40)	**60**	60	**15**	20	**10**	**160**	95	**8**	DA
		Totals	**$2,784**	$2,710	2.7	**133**	119						**737**	**10,370**	9,408	**1,613**	
		Averages	**41.6**	40.4	**1.7**	**2.0**	1.8		**80.8**	81.4	**11.2**	10.5	**12.5**	**157.1**	162.2	27.3	

**NHCN* sales estimate.
[1] The 1990 sales figure is an *NHCN* estimate.
[2] Division of Sun Distributors, Philadelphia, which does $135 million in hardlines/auto parts distribution.
[3] Liquidated in 1992
[4] Fifty-five percent of sales are to farm stores.

P/H/C = plumbing/heating/cooling; P/E = plumbing/electricals; L&G = lawn and garden.
Buying group designations:
AHB = Associated Hardware Buyers; DA = Distribution America; LMC = Lumbermen's Merchandising Corp.; NPD = National Paint Distributors; PM = Pallet Manufacturers.

NHCN chart

Co-ops deepen penetration but sales remain flat

Rank		Company	Sales ($ Mil.)		% Chng.	LBM as % of Total Sales		Dealer/ Members (Store ct.)		No. Dealer/ Members That Are Home Centers		% of Total Sales From Home Centers		DCs		Min./Max. Inventory ($ Mil.)		SKUs		Sales/ Inventory Ratio		% Sales From Drop Shipment		Co-op Charges (% of Order) to Dealers for Shipping: Warehouse Poor Relay Drop Ship		Employees	
'91	'90		'91	'90		'91	'90	'91	'90	'91	'90	'91	'90	'91	'90	'91	'90	'91	'90	'91	'90	'91	'90	'91	'90	'91	'90
1	1	**Cotter & Co.,** Chicago	2,140	2,135	0.2	8.9	8.1	8,098	8,166	1,900	1,875	40	39	15	14	215-270	280.6	68,902	47,150	5.5	6.9	41.0	42.0	2-13 3-6 0-2	2-13 6 0-2	4,041	4,000
2	2	**Ace Hardware,** Oak Brook, Ill.	1,704	1,625	4.9	10.9	10.4	5,200	5,300	2,080	2,050	43	42	14	14	210-240	200-230	55,000	48,000	4.7	4.7	22.1	23.6	0-10 0-6 0-2	0-10 6 0-2	3,110	3,006
3	3	**ServiStar Inc.**[1]**,** Butler, Pa.	1,332	1,361	– 2.1	41.2	42.7	4,396	4,573	1,846	1,645	63	65	8	8	133-175	131-156	78,000	55,000	8.6	NA	NA	62.4	NA	NA	2,000	1,367
4	4	**Hardware Wholesalers Inc.,** Fort Wayne, Ind.	1,173	1,133	3.5	40	40.0	3,066	3,010	1,896	1,865	NA	NA	6	5	72-85	66-82	47,000	43,000	14.9	15.1	50.0	50.0	NA	NA	855	933
5	5	**Our Own Hardware,** Burnsville, Minn.	165	152	8.6	25	22.0	1,000	900	350	NA	35	NA	3	2	16-22	15-21	40,000	38,000	5.0	5.0	40.0	35.0	0-15 5-10 0-2	NA	450	340
6	6	**United Hardware Distributing**[2]**,** Minneapolis	131	137	– 4.4	9	5.0	1,207	600	145	30	6	5	1	1	24-28	11-16	46,000	45,000	4.4	5.9	14.6	16.7	NA	11 11 1	387	280
7	7	**Handy Hardware Wholesalers,** Houston	80	70	14.3	15	7.5	735	661	NA	NA	NA	NA	1	1	9.5-10.5	7.2	24,856	23,000	5.7	9.7	30.1	25.0	9 5 0	9 5 0	180	143
8	8	**Connecticut Hardware,** Cromwell, Conn.	13	14	– 7.1	0	0.0	72	60	7	4	12	10	1	1	1.6-1.8	1.5-1.7	15,000	15,000	5.5	5.4	30	35.0	0 8 6	10 6 1	11	12
		Totals Averages	6,738 842	6,627 828	2.2	18.8	17.0	23,774 2,972	23,270 2,909	8,224 1,175	7,469 1,245	33.2	32.2	49 6.1	46 5.8			46,845	39,269	6.8	7.5		36.2			11,034 1,379	10,081 1,260

[1] Figures for 1990 include Coast to Coast units, now part of ServiStar.

[2] 1991 and 1990 sales include those of Farwell, Ozmun, Kirk, which United Hardware Distributing bought in 1990.

The average percent change represents the average of each company's sales percentage gain or decline.

NHCN chart

Slow growth doesn't deter Cotter plans

CHICAGO — Cotter & Co. made a bold and unexpected move last year when it rescued nearly 400 small-town hardware and variety store dealers in Canada whose wholesaler was about to go under. Cotter bailed out dealers of Winnipeg, Alberta-based Macleod-Stedman Inc. (MSI), when it purchased its assets for about $13 million.

In this acquisition, Cotter saw the opportunity to pick up dealers and as much as $100 million in new sales.

Identifies growth areas

Back home, 1991 was a year of realignment and realization for Cotter. The co-op's sales grew by less than 1 percent last year, and the co-op's managers—led by its chairman Bill Claypool—exorted dealers to buy more product through its DCs.

To get closer to dealers, its officers began a whirlwind series of field meetings at distribution centers.

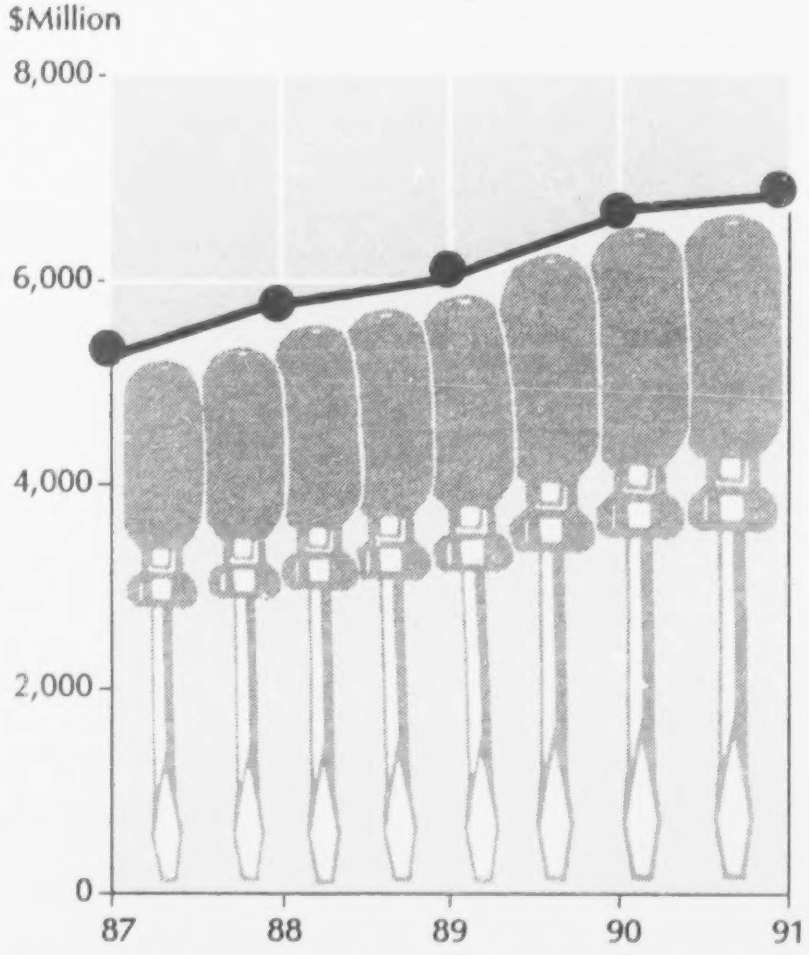
That connection is also enhanced by Cotter's satellite network, to which more than 1,000 dealers are hooked up to receive data transmission and taped training sessions.

Cotter has very ambitious growth plans. It expects its lumber and building materials distribution business to reach $500 million in sales by 1996, with about 2,000 existing True Value member lumberyards and home centers participating.

The company's other main area of concentration is to reinvigorate its badly neglected V&S variety stores, from which it is wants $750 million in annual sales within a decade.

Cotter's Just Ask rental program, probably the industry's most extensive, is offered to members on a product cost-only basis with as many as 400 stockkeeping units in the assortment and programs costing from $45,000 to about $140,000.

In addition to the rental program, dealers were offered a new product mix and planogram for a True Value Garden Shoppe called Green Thumb, a 1,500-square-foot lawn and garden department inside the store and ideas for small, outdoor displays.


Total Co-op Sales

Resourceful Ace defies economic woes

OAK BROOK, Ill. — The economy threw its worst at Ace Hardware Corp. last year, and the industry's second largest hardlines co-op still managed to turn in a 4.9 percent increase in its overall sales volume.

In the last four years, Ace has managed to cajole, motivate and otherwise make it cost-effective for dealers to increase purchases from Ace; during that time, dealer purchases have increased by an estimated 15 percent. The co-op claims that dealers buy 60 per-

(Cont'd on page 54)

Company	Sales 1991 ($mil.)	Purchases/ From/ Dealer 1991 $	Sales 1987 ($mil.)	Purchases/ From/ Dealer 1987 $	Purchases/ From/ Dealer % Change 1987-1991
Cotter & Co.	2,140	264,263	1,854	257,500	2.6
Ace Hardware	1,704	327,692	1,198	239,600	36.8
ServiStar Inc.	1,332	303,003	1,040	279,195	8.5
Hardware Wholesalers Inc.	1,173	382,583	885	321,818	18.9
Our Own Hardware	165	165,000	126	105,000	57.1
United Hardware Distributing	131	108,534	92	167,273	−35.1
Handy Hardware Wholesalers	80	108,844	47	75,806	43.6
Connecticut Hardware	13	180,556	12	203,390	−11.2
Totals Averages	6,738 842	283,419 230,059	5,254 657	248,958 206,198	11.6

NHCN chart

Sales % change 1987-1991	
Cotter	15.4
Ace	42.2
ServiStar	28.1
HWI	32.5
Our Own	31.0
United	42.4
HH	70.2
Conn.	8.3

Company	SKUs 1991	SKUs 1987	Percent Change 1987-1991
Cotter & Co.	68,902	32,000	115.3
Ace Hardware	55,000	39,000	41.0
ServiStar Inc.	78,000	37,000	110.8
Hardware Wholesalers Inc.	47,000	35,700	31.7
Our Own Hardware	40,000	35,000	14.3
United Hardware Distributing	46,000	37,000	24.3
Handy Hardware Wholesalers	24,856	20,000	24.3
Connecticut Hardware	15,000	25,000	– 40.0
Averages	46,845	32,600	43.7

NHCN chart

(Continued from page 52)

cent of merchandise from the co-op.

Ace started implementing its "Ace 2000" store remodeling and remerchandising program in the midst of the recession, an apropos time to impress upon dealers that, in addition to increasing their buying through the co-op, they need to take a more aggressive attitude toward their businesses to survive.

For future growth, Ace last year introduced a garden program for its dealers, and this year is expected to roll out a hobby and craft program.

Searching for new business

And like other cooperatives that are drawing from an increasingly shallow dealer pool, Ace is looking for new members outside of the U.S.

Renlund, a 60-store chain of hardware stores and Finland's second largest hardlines retailer, signed on as an Ace member last year.

Renlund already has two shops in St. Petersburg and Moscow and expects Ace products to be on shelves there this quarter. Renlund looked to the U.S. market for better-quality, lower-priced products.

Ace is also expanding in Mexico. It signed a consortium in Guadalajara that opened one home center last year and will open two more Ace 2000 hardware/home center stores this year.

Ten new Ace Hardware stores opened in the United Arab Emirates last year, owned by the privately held Al-Futtaim trading company here. The same group supplied U.S. and international troops out of a Saudi Arabian store during the Gulf War last year.

Growth in the '90s means not overlooking any business. And Ace took ads in *Modern Bride* to promote its bridal registry program. It also announced it would test using monthly Spanish-language ads in *La Opinion* in Los Angeles and *El Nuevo Herald* in Miami.

ServiStar adds conquests at home, abroad

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BUTLER, Pa.— ServiStar flexed its international muscle in 1991, as one of its dealers—Virginia-based Smitty's Lumberteria—and partner Gunnady Geretsky set up the first-ever hardware store in Russia.

The new store, located in St. Petersburg, has generated a great deal of interest among local consumers and many of ServiStar's U.S. vendors. As soon as the process of valuing the ruble is completed, the co-op will begin aggressively marketing this venture.

Domestically, ServiStar's expansion in the western U.S. has borne some fruit, according to president Paul Pentz,

(Continued on page 55)

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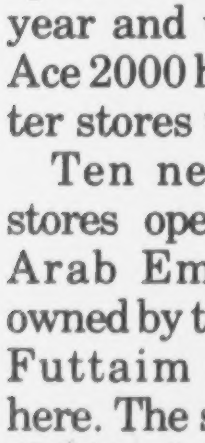

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(Continued from page 52)

but there is still a ways to go. Through its sister co-op, Coast to Coast, ServiStar managed to pick up 40 more stores out West through the nine months of its current fiscal year. ServiStar itself picked up 67 new members in the region.

In Canada, ServiStar's conquests included agreements to supply hardware to more than 200 dealers that are part of the HomeCare, Award and BMR commodities buying groups. The co-op is servicing Canada out of its Butler, Pa., and Westfield, Mass., distribution centers.

Rolls out new programs

ServiStar also unveiled a completely new format in 1991 to cater to its nursery and garden specialty members. Called Showplace Home & Garden, the new format debuted at Miller's Hardware in McMurray, Pa. (a combination hardware and nursery store) and at Arbordale Nursery in Amherst, N.Y.

Roughly 300 members are expected to sport the Showplace format by 1994. Thanks to the availability of this program, ServiStar was able to sign Pike's Nursery, one of the largest L&G specialty chains in Atlanta.

Another program that caught the attention of more members in 1991 was the Grand Rental Station, which became a part of some 80 additional ServiStar stores last year for a total of 230.

In 1992, ServiStar plans to make yet another major change in its marketing strategy. The co-op plans to announce the move at a formal press conference as part of its Baltimore market show this May 16. To make sure as many members as possible get in on the announcement, ServiStar is offering to fund owners $150 per day up to $600 to attend the show. The co-op expects some 2,500 members to take advantage of this deal.

HWI expands its influence in the West

HWI
the friendly ones

FORT WAYNE, Ind. — Hardware Wholesalers Inc.'s membership family expanded by 75 stores in 1991. Among the new relations were Taylor's Do-it Centers in Virginia Beach and Russells Home Centers, which has five units in Alabama.

HWI's Western expansion continued apace, despite tough economic times that are making members reluctant to switch co-ops. Proof of its Western penetration is the fact that HWI's new Woodburn, Ore., distribution center is 160 percent over its budgeted sales projections for the first quarter of 1992.

One of the most exciting additions out West, according to HWI executive vp Mike McClelland, was the conversion into a Do-it Center of McDaniels Coast to Coast, a single-store, high-volume company in Snohomish, Wash.

> ‘We are saying that you should get into some kind of niche, and get into it in a decisive way.’
>
> *Mike McClelland, executive vp, HWI*

One of HWI's major priorities during 1991 was the development of several power departments. Under the direction of Tom Barfell, the co-op rolled out the first such department, the Do-it Best Green Garden Center, at its fall market. Over 30 members signed up for the program; two should have their departments up and running this spring.

Barfell expects to have another two power department programs available for members by this fall: a commercial-industrial sales department and an installed-sales department. McClelland noted that it is important for members to look at introducing at least one of these revamped sections in their stores.

"We're not saying, 'You have to have a lawn and garden or an installed-sales program in your store,'" he explained. "But we are saying that you should get into some kind of niche, and get into it in a decisive way, and these departments help that cause."

This October, McClelland will become HWI's president, succeeding longtime co-op chief Don Wolf, who is retiring.

Our Own takes big step with S&T purchase

BURNSVILLE, Minn. — Our Own Hardware's acquisition of S&T Hardware, a regional hardlines wholesaler, was one of the co-op's more significant events in 1991. That purchase gave the co-op immediate access to 350 Sentry Hardware dealers and 600 unaffiliated hardware stores within a 250-mile radius of Louisville, Ky.

Since bringing them on board, Our Own has picked up over 170 new members from S&T's retail accounts, and another 30 to 40 are scheduled to join during the first half of this year. Our Own also helped S&T refocus on consumer-oriented retailers, dropping between a third and a half of its total accounts. All of the cuts were commercial-industrial businesses.

Our Own had tremendous success expanding its lumber and building materials business in 1991, said vp-marketing Steven Saefke. Sales in those categories increased by 25 percent. Saefke noted that Our Own's lumberyard members are starting to take all of the co-op's programs more seriously on the strength of its commodities assortment.

As did several of the other co-ops last year, Our Own came out with the next generation of its store format. The newest rendition of the How-To Center features red signage with rainbow neon accents and expanded decor, housewares and seasonal departments, as well as including the co-op's Rent-It program as a staple.

Over 25 Our Own members added Rent-It Centers to their stores in 1991. Any retailer that wishes to join Our Own this year must add a Rent-It Center and remodel its store to fit the new, colorful How-To format.

United makes operational, service gains

PLYMOUTH, Minn. — It was a year of considerable change at United Hardware Distributing Co., as David Heider and fellow consultant Burton Merical set about improving service levels and operations for both the buying group's Hardware Hank and Trustworthy dealers.

Both came on board last August, with Heider replacing Ardwin Link as president and Merical as an interim chief financial officer.

At that time, United was still struggling to integrate the buying and operational staff of Farwell Ozmun Kirk, (FOK), the ailing distributor it acquired the previous year for $21.5 million.

As part of the purchase, United gained 500 Trustworthy dealers and became a wholesaler member of the Distribution America marketing group.

(Continued on page 56)

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(Continued from page 55)

The problems of integration are reflected in sales figures that dipped by 4.4 percent from the previous year's $137 million ($40 million of which was generated by FOK) to $131 million in 1991.

After the merging of the companies, there was also a considerable shakeout among dealer-members, which left United with a total of 1,207 at year-end.

Hardware Hank dealers contacted for this article reported that stocking levels and service have both shown significant improvement over the last six months. These dealers also have a broader selection of product to choose from, with 46,000 stockkeeping units now available out of the warehouse. (Officials contacted at United declined to comment.)

In February of this year, Merical was replaced by John Nitsche, who became the company's chief financial officer. Nitsche joined United from Labellco, a non-stocking distributor of hospital laboratory products.

Connecticut Hardware hangs tough

CROMWELL, Conn. — Although Connecticut Hardware watched its 1991 sales volume drop by $1.5 million, the co-op said that it was pleased that the slide wasn't steeper.

Connecticut Hardware, which has members located within a 100-mile radius surrounding its headquarters here, managed to tough it out in the severe New England economic climate.

And although the co-op concentrated on servicing its dealers with more programs and services, it is very difficult for small hardware stores in New England to compete with the increased competition from larger retailers, said Todd Mogren, chief executive officer.

The mild winter didn't help matters either, he added.

On a good note, Connecticut Hardware signed 12 new dealers, three of which are home centers.

Mogren said 10 out of the 12 new members were formally affiliated with Cotter & Co., Ace Hardware or ServiStar. But the stores decided to switch to Connecticut Hardware because, said Mogren, the dealers were interested in a local source.

Connecticut Hardware has also taken the step of adding a next-day delivery service any day of the member's choice, Mogren said.

On top of that, the co-op introduced a low-cost relay program on everyday items like batteries, light bulbs and spray paint. The service is offered four to six times a year, he said.

"We're attempting to make the stores more profitable," Mogren said.

To help accomplish this goal, Connecticut Hardware has also linked up with Triad Systems Corp. This company's new point-of-sale computer systems enable dealers to control inventory in a more efficient manner.

This year, Mogren said Connecticut Hardware is pushing to add another 10 to 15 dealers. In the meantime, the co-op will hold its expenses in line and wait for the economy to pick up.

The Southwest keeps Handy Hardware hot

HOUSTON — While businesses in many parts of the country suffered, most of Handy Hardware Wholesalers' dealer-members in seven Southwestern states flourished. And, as a result, the hardlines co-op, based here, experienced a 14 percent increase in sales volume in 1991 to $80 million.

Over the past few years, sales at Handy have been rising steadily, a direct result of its expanded presence in the Southwestern states and its ability to generate more volume from its individual members, explained president Jim Tipton.

In 1989, Handy had sales totaling some $60 million and, in the following two years, sales increased by $10 million per year.

Last year, the company signed on 74 new members, giving the co-op a total of 735 members, up from 661 in 1990. Tipton said that Handy signed more dealers in 1991 than the company had signed in several years.

Many of the new dealers were formally affiliated with a larger co-op, although others were doing business independently, he said.

To keep up with this growth, Handy increased its inventory level from $7.2 million in 1990 to a maximum of $10.5 million. The co-op also doubled the percentage of its total volume that is being generated by lumber and building materials distribution to 15 percent.

Tipton said Handy plans to keep its dealer base within the Southwest, where the company is thriving.

"We were pleased with last year, and we're off to a great start this year," the company's president said.

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The Top Specialty Distributors

Rank		Company	Sales ($ Millions)		Sales % change 1990-1991	Number of Distribution Centers		Product Specialty (% of Total Sales)	% of Sales From Retail Accounts		% of Sales Drop Shipped 1991	No. of Employees 1991	No. of In-field Salespeople 1991
1991	1990		1991	1990		1991	1990		1991	1990			
1	1	**Ferguson Enterprises Inc.,** Newport News, Va.	670	656	2.1	3	3	P/H/C (90)	10	10	20	2,300	250
2	2	**Hughes Supply Inc.,** Orlando, Fla.	548	529	3.6	117	117	P/E (90)	20	30	20	1,600	200
3	4	**EESCO Inc.,** Chicago	300	300	0.0	37	26	Electricals (100)	15	NA	20	770	150
4	3	**Cain & Bultman Inc.,** Jacksonville, Fla.	210	325	−35.4	5	8	Flooring/Electricals (65)	95	95	10	500	400
5	5	**Pennington Enterprises Inc.,** Madison, Ga.	210	204	2.9	14	14	L&G (100)	90	90	NA	700	130
6	11	**Central Garden & Pet Supply,** Federal Way, Wash.	168	126	33.3	20	15	L&G (90)	100	100	NA	700	NA
7	7	**Stuart C. Irby Co.,** Jackson, Miss.	165	160	3.1	21	15	Electricals (100)	60	60	60	505	55
8	8	**Builders Plumbing & Heating Supply Co.,** Addison, Ill.	160	160	0.0	15	15	P/E (100)	20	NA	10	500	66
9	6	**Duron Paints & Wallcoverings,** Beltsville, Md.	153	170	−10.0	2	NA	Paint/Sundries (83)	8	NA	20	1,200	150
10	9	**Platt Electric Supply Inc.,** Beaverton, Ore.	145	152	− 4.6	1	NA	Electricals (100)	25	25	5	650	65
11	10	**Southern Electric Supply Co.,** Meridian, Miss.	138	135	2.2	33	15	Electricals (100)	10	10	30	320	60
12	13	**Apex Supply Co.,** Atlanta	105	90	16.7	16	14	P/H/C (100)	NA	NA	NA	340	60
13	12	**Shemin Nurseries Inc.,** Ridgefield, Conn.	100	125	−20.0	9	9	L&G (80)	20	25	10	320	25
14	16	**Seabrook Wallcoverings Inc.,** Memphis, Tenn.	90	80	12.5	5	5	Wallcoverings (100)	75	75	5	500	70
15	22	**Cole Grower Service,** Madison, Wis.	85	72	18.1	3	3	L&G (100)	100	100	10	55	13
16	15	**Keller Supply Co.,** Seattle	84	84	0.0	24	17	P/H/C (100)	30	35	5	350	45
17	24	**Sierra Craft,** City of Industry, Calif.	80	70	14.3	5	5	P/H/C (95)	75	75	NA	NA	31
18	17	**Seattle Lighting Fixture Co.,**[1] Seattle	80	80	0.0	10	7	Electricals (100)	20	NA	10	400	100
19	18	**Steiner Electric Co.,** Elk Grove Village, Ill.	78	75	4.0	4	4	Electricals (100)	90	NA	35	240	42
20	19	**Service Supply Co.,** Indianapolis	78	75	4.0	41	15	Hardware (100)	35	35	80	520	60
21	21	**Branch Electric Supply Co.,** Upper Marlboro, Md.	75	75	0.0	12	12	Electricals (100)	20	20	10	350	11
22	28	**Famous Supply Co.*,** Akron, Ohio	75	70	7.1	17	16	Heating/Cooling (50)	20	20	NA	400	80
23	14	**Raub Supply Co.,** Lancaster, Pa.	75	85	−11.8	10	11	P/E (100)	10	10	20	360	60
24	25	**Hoboken Flooring,** Wayne, N.J.	72	70	2.9	4	4	Floor coverings (100)	70	60	NA	170	33
25	23	**Vaughan's Seed Co.,** Downers Grove, Ill.	71	71	0.0	3	3	L&G/Seeds (100)	100	100	90	345	150
26	26	**AF Supply Corp.,** Brooklyn, N.Y.	71	70	1.4	8	8	P/H/C (95)	65	65	20	75	5
27	29	**Gateway Pacific Corp./Buffalo Tool,** St. Louis	70	65	7.7	3	4	Tools (100)	90	90	5	140	84
28	30	**Rumsey Electric Co.,** Philadelphia	70	60	16.7	5	5	Electricals (100)	50	50	NA	140	25
29	27	**USCO Inc.,** N. Plainfield, N.J.	70	70	0.0	12	11	P/H/C (90)	20	15	NA	150	17
30	36	**Gensco Inc.,** Tacoma, Wash.	65	55	18.2	12	12	P/H/C (75)	10	10	30	250	50
31	39	**World Wide Distributors Inc.,** Kent, Wash.	60	50	20.0	1	NA	L&G/Hardware tools (40)	100	100	70	50	4
32	37	**La Crosse Plumbing Supply Co.*,** La Crosse, Wis.	60	54	11.1	5	5	P/H/C (95)	75	75	10	270	12
33	42	**Hi-Line Electric Inc.,** Dallas	60	50	20.0	1	NA	Electricals (100)	50	50	NA	120	74
34	31	**Trumbull Industries,** Warren, Ohio	60	60	0.0	8	8	P/H/C (50)	15	15	5	300	30
35	61	**Universal International Inc.**[2], Minneapolis	58	39	48.7	2	NA	Housewares (75)	100	100	5	100	4
36	32	**Central Supply Co.,** Indianapolis	57	57	0.0	2	2	P/E (100)	10	10	10	110	50
37	40	**Brewster Wallcovering Corp.,** Randolph, Mass.	55	50	10.0	5	3	Wallcoverings (100)	90	75	5	250	50
38	34	**Locke Supply Co.*,** Oklahoma City	55	55	0.0	1	1	P/H/C (50)	33	33	NA	300	NA
39	35	**Sacks Electrical Supply Co.,** Akron, Ohio	55	55	0.0	3	1	Electricals (100)	10	10	10	100	30
40	38	**Mobile Paint Co.,** Theodore, Ala.	54	52	3.8	1	1	Paint (100)	30	30	NA	150	35
41	41	**Turf Products Corp.,** Worcester, Mass.	50	50	0.0	2	2	L&G (90)	50	50	5	50	17
42	44	**Mack Electric Supply Co.,** Dothan, Ala.	50	50	0.0	5	5	Electricals/Tools (100)	40	33	30	120	25
43	43	**L.E. Mason Co.,** Boston	50	50	0.0	2	2	Electricals (100)	40	40	70	250	80
44	45	**Thermal Supply,** Houston	50	50	0.0	38	NA	Air conditioning (90)	30	30	25	180	8
45	46	**Dominion Electric Supply Co.,** Arlington, Va.	50	50	0.0	5	3	Electricals (100)	15	20	45	150	10
46	33	**Billows Electric Supply of Philadelphia,** Philadelphia	48	55	−12.7	3	3	Electricals (100)	40	10	35	110	12
47	53	**L&L Nursery Supply Inc.,** Chino, Calif.	47	41	14.6	1	1	L&G (55)	100	100	20	325	32
48	47	**Eck Supply Co.,** Richmond, Va.	46	50	− 8.0	10	11	Electricals (90)	10	10	5	167	30
49	48	**Sunniland Corp.,** Sanford, Fla.	45	45	0.0	9	9	Roofing (60)	45	20	10	160	20
50	49	**Vista Paint Corp.,** Fullerton, Calif.	45	45	0.0	2	2	Paint (95)	22	22	50	480	27
51	50	**M. Block & Sons Inc.,** Chicago	43	42	2.4	2	2	Major appliances (50)	100	100	25	100	20
52	52	**Northern Wire & Cable Inc.,** Troy, Mich.	42	42	0.0	5	5	Electricals (100)	10	10	30	190	9
53	57	**Independent Electric Supply Inc.,** San Carlos, Calif.	41	40	2.5	6	5	Electricals (80)	90	NA	80	NA	20
54	54	**Misco Shawnee Inc.,** Maryland Heights, Mo.	41	41	0.0	3	NA	Floor coverings (100)	30	NA	10	100	23
55	56	**R.L. Ryerson Co.,** Menomonee Falls, Wis.	40	40	0.0	1	NA	L&G (100)	100	NA	10	40	9
56	55	**Esco Distributors,** Corpus Christi, Texas	40	40	0.0	7	8	L&G (100)	100	100	100	125	23
57	58	**The Blonder Co.,** Cleveland	40	40	0.0	3	3	Paint (100)	90	85	NA	265	42
58	60	**Nelson Electric Supply Co.,** Tulsa, Okla.	40	40	0.0	6	NA	Electricals (100)	30	40	20	101	13
59	20	**Jones Blair Co.,** Dallas	40	75	−46.7	4	3	Paint/Wallcoverings (100)	20	30	NA	300	16
60	51	**Ryall Electric Supply Co.,** Denver	38	42	− 9.5	5	5	Electricals (100)	25	25	30	250	23
		Totals	5,821	5,809	0.2	619	483					20,063	3,235
		Averages	97.0	96.8	2.4	10.3	9.5		48.4	47.6	26.4	345.9	55.8

**NHCN* sales estimate.

[1] *NHCN* estimate of employees.

[2] Distributor of closeout merchandise.

P/H/C = plumbing/heating/cooling; P/E = plumbing/electricals; L&G = lawn and garden.

NHCN chart

Narrowly focused wholesalers claim piece of pie

Home centers not always the target of their business

by Robyn Taylor

NATIONAL REPORT — When competing for business from home improvement retailers, the industry's leading hardlines and building material wholesalers are not only battling each other, they must also contend with specialty distributors that have deeper and more narrowly defined product assortments.

This year, *NHCN*'s Distributor Scoreboard has broken out a listing of the leading specialty wholesalers that key in on such products as plumbing, electricals, home decor and lawn and garden.

While many of the top 60 specialty distributors consider home centers to be a major source of their retail sales, others have chosen to stick to contractor accounts or servicing independent specialty shops. It all depends on the distributor's business philosophy and whether or not the company wants to compete with other full-line wholesalers for a retail chain's business.

Pennington Enterprises, based in Madison, Ga., is the nation's largest specialty lawn and garden wholesaler, and sells to independents, discounters, home centers and wholesale clubs.

Warehouse home centers, like Home Depot and HomeBase, make up 15 percent of sales generated from the company's retail accounts. Ten years ago, Pennington did not sell to any home centers, said president Sonny Pennington.

But as home center warehouses started popping up all over the country, Pennington, which distributes its products nationwide, could not ignore the business opportunity, its president said.

"Home centers will continue to be a big part of our business," he predicted.

In contrast to Pennington is Cole Grower Service, a lawn and garden distributor based in Madison, Wis., that generates 100 percent of its sales from retail accounts. Yet none of this business comes from home centers.

The company does have some accounts with golf courses and landscape companies, but it deals primarily

(Continued on page 58)

Specialty wholesalers grow in niche markets

(Continued from page 57)

with small lawn and garden stores, said Jerry Bilicek, business manager.

Cole Grower Service's sales increased 18 percent in 1991 to $85 million, and Bilicek attributed this mainly to the distributor's concentrating on servicing its accounts and sticking to its small-guy niche.

"We won't mess with home centers or mass merchandisers," he said.

Every little bit helps

Even some distributors that do not generate a large percentage of business from retail accounts can't ignore the fact that home centers can generate a lot of sales.

Ferguson Enterprises Inc. was the distributor through which Lowe's Cos., in the mid-1980s, took on the first full-blown bath fixture program Kohler Co. offered to the home center industry on a drop-ship basis.

Ferguson, with sales of $670 million in 1991, was the largest specialty distributor in the industry last year, according to *NHCN*'s ranking. Still, it only generates 10 percent of that volume from retail accounts, most of that from home centers, according to Don Blankenship, director of advertising and promotions.

Ferguson, which sells plumbing, heating and cooling products, started a separate division seven years ago to sell plumbing fixtures to home centers.

This division, called Plumb-Source, is one of the largest plumbing suppliers to the home center industry, according to Blankenship.

Plumb-Source services retail accounts nationwide, although most of its business is generated from companies east of the Rockies.

Peaceful coexistence

It's not always easy for specialty distributors to compete with the larger hardlines wholesalers. But there is room for the businesses to coexist.

City of Industry, Calif.-based Sierra Craft—located in the same city as the powerful California Hardware—also specializes in plumbing, heating and cooling supplies. Yet the company does not view California Hardware as a cutthroat competitor, said vice president and general manager Lee Klein.

"We deal with many products they don't," he said, such as a broader assortment of bath tubs and toilets, and copper, steel and PVC piping.

Sierra Craft's sales increased 14 percent last year to $80 million, and Klein said sales have consistently gone up over the past few years. A large part of the sales increase is due to its growing number of home center accounts, many of which buy from other wholesalers like California Hardware.

Sierra's home center accounts include Builders Emporium, Payless Cashways, HomeBase and some of Home Depot's Western units.

7
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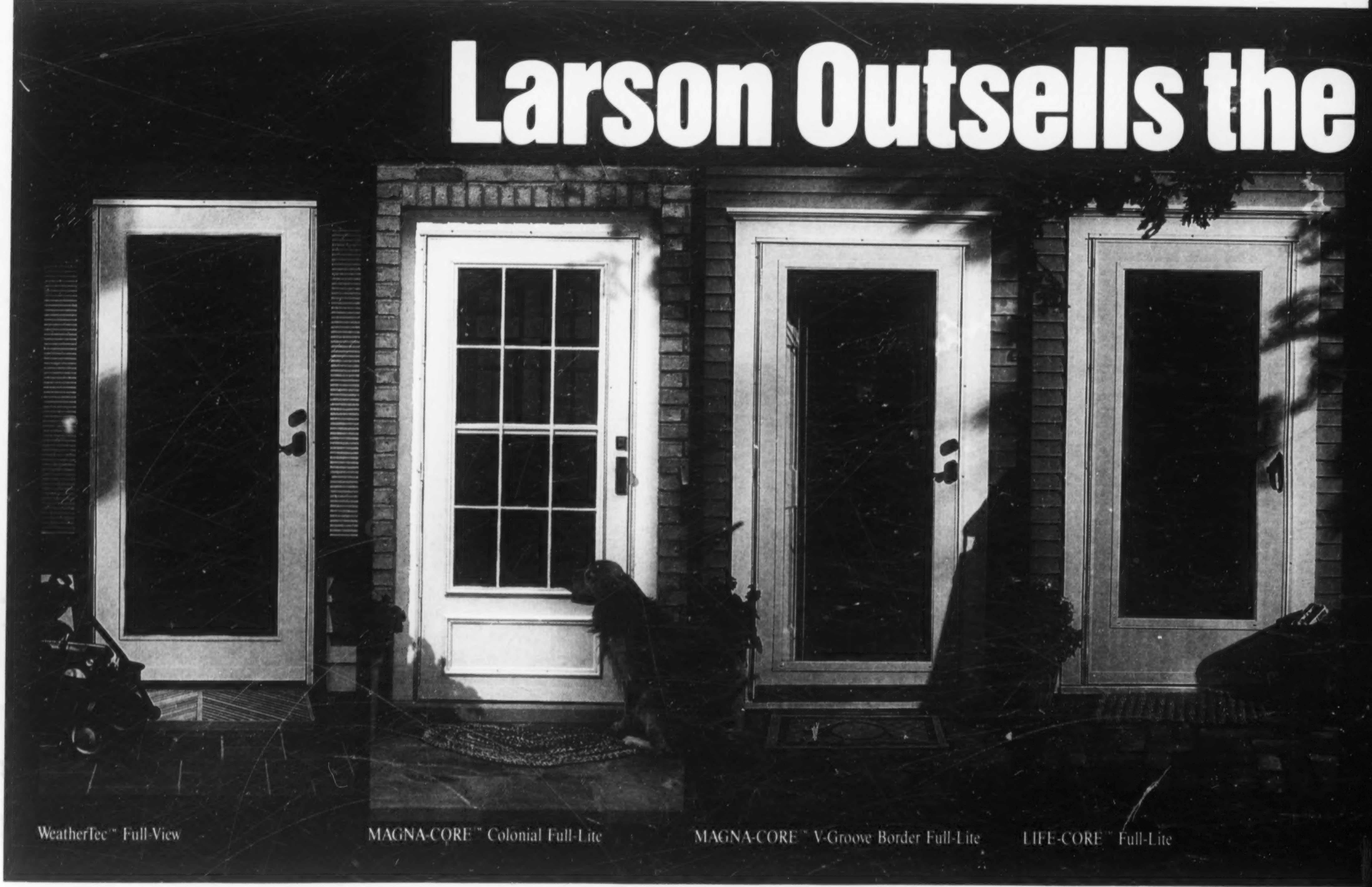
NHCN photos

***Plumbing and electricals** are the two product categories that specialty wholesalers appear to be strongest in.*

Larson Outsells the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DISTRIBUTOR SCOREBOARD

Home improvement product sales flat in 1991

Hardware, Tools & Plumbing

1991 sales ($ bil.)	20.1
Percent change	0.0

Dealers protected themselves last year by reducing their hardlines inventories by as much as 30 percent, as more emphasis was placed on space management and profitability. Hardware and tool displays were revamped to reflect this trend.

Handy Andy and Builders Emporium were among those that reorganized their tool departments into defined areas. Grossman's added a tool service counter. And benchtop tools appeared to have a resurgence last year.

The industry also watched Newell Cos.' (unsuccessful) attempt to buy as much as 15 to 25 percent of The Stanley Works, and its (successful) attempt to purchase a $150 million stake in Black & Decker.

Lawn & Garden Equipment & Sales

1991 sales ($ bil.)	28.9
Percent change	0.9

Last year, home centers' share of the lawn and garden market slid a bit. The National Gardening Association said that just 17 million households bought L&G goods in home centers, down from 19 million in 1991.

An early, mild spring that followed an equally mild winter resulted in a 6.4 percent rise in overall lawn and garden product sales in 1991 to $22.1 billion, according to the NGA.

A couple of players most commonly associated with L&G, such as Ernst, worked on making their garden areas greater traffic-builders, and hardlines co-ops (most notably ServiStar with its Showplace Home & Garden concept) made a significant commitment to this category.

Lumber & Building Materials

1991 sales ($ bil.)	5.6
Percent change	1.1

The Gulf War, the housing slump and decreased consumer confidence made the sale of building materials particularly hard last year. But dealers and suppliers refocused their efforts on the repair and remodeling sectors.

Lumber became scarcer, as government restrictions limited harvesting on federal lands to protect wildlife. That caused lumber prices to skyrocket and has dealers worried about long-term availability.

Millwork again proved to be a strong category for dealers, as a number of independents opened separate showrooms for this product.

As the war made energy costs jiggle, products like fiberglass that abetted energy conservation did well.

Paint, Preservatives & Supplies

1991 sales ($ bil.)	13.3
Percent change	−3.3

Home centers began making a statement in home decor last year, with much larger departments and broader assortments.

Across the country, retailers as varied as Home Depot, Ernst, Busy Beaver, Rickel, Pay 'N Pak, Builders Emporium, Builders Square and the new Eagle Hardware & Garden beefed up categories including paint, window treatments and carpeting (particularly area rugs), even hardware—many of which were tied into bigger-ticket kitchen and bath and millwork sales.

The move toward home decor, also saw a number of retailers hire professional interior design consultants in their stores, a nod to female shoppers.

Home Improvement Research Institute estimates

NHCN charts

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Wholesaler marketing groups contend with slow growth

Rank		Company	Total Sales $ Millions		% Chng.	No. of Wholesaler-Members		No. of Retail Stores (Total)		% of Total Stores That Are Home Centers		No. of Wholesaler-Member Warehouses		Aggregate Inventory Carried At Wholesaler-Members Warehouses ($ Millions)		Avg. # Of SKUs Carried At Wholesaler-Members' Warehouses		No. of Employees At Mktng. Group HQ		Advertising Dollars Spent By Mktng. Group/ By Wholesaler Members	
1991	1990		1991	1990	'91-'90	1991	1990	1991	1990	1991	1990	1991	1990	1991	1990	1991	1990	1991	1990	1991	1990
1	2	**Distribution America***, Des Plaines, Ill.	**1,900**	1,820	**4.4**	**38**	37	**25,000**	25,200	**30**	61	**50**	56	**300**	297	**33,000**	33,000	**65**	74	**NA**	NA
2	1	**Pro Hardware,** Englewood, Colo.	**1,300**	1,250	**4.0**	**39**	39	**21,000**	21,000	**45**	45	**44**	48	**323**	380	**28,000**	28,000	**26**	23	**$1.9 mil./ $3.9 mil.**	$1.7 mil./ $3.7 mil.
3	5	**Val-Test Distributors,** Chicago	**900**	420	**114.3**	**72**	46	**6,000**	7,200	**30**	30	**78**	56	**1,620**	670	**20,000**	18,000	**15**	14	**$500,000/ $9.0 mil.**	$100,000/ $650,000
4	3	**Associated Building Materials,** Scottsdale, Ariz.	**701**	700	**0.1**	**49**	53	**29,400**	29,105	**87**	85	**79**	77	**77**	77	**NA**	NA	**2**	2	**$5,000/ NA**	$5,000/ NA
5	4	**Reliable Hardware Wholesalers,** Arlington Heights, Ill.	**600**	600	**0.0**	**40**	46	**10,000**	16,200	**7**	32	**41**	48	**NA**	89	**NA**	19,500	**5**	7	**NA**	NA
6	6	**Materials Corp. of America** Glenside, Pa.	**250**	300	**− 16.7**	**19**	19	**10,500**	10,500	**30**	30	**25**	25	**NA**	NA	**NA**	NA	**4**	6	**NA**	NA
7	7	**Associated Hardware Buyers,** Gainesville, Ga.	**190**	185	**2.7**	**27**	23	**16,000**	14,000	**25**	30	**27**	27	**35**	NA	**7,500**	NA	**5**	2	**NA/ $10,000**	NA/ $20,000
		Totals Averages	**5,841 834**	5,275 754	**15.6**	**284 40.6**	263 37.6	**117,900 16,842.9**	123,205 17,600.7	**36.3**	44.7	**344 49.1**	337 48.1	**471.0**	302.6	**22,125**	24,625	**122 17**	128 18	**NA**	NA

* Figures for 1990 represent the combined totals of Liberty Distributors and Sentry Hardware, which merged to form Distribution America on July 1, 1991.

NHCN chart

Liberty, Sentry merge into No. 1 group

DES PLAINES, Ill. — Distribution America didn't exist at the start of 1991. But by year-end, it was challenging Pro Hardware as the industry's leading wholesaler marketing group.

NHCN photo

DA's Ron Pink

The merger of Liberty Distributors and Sentry Hardware, the second and third largest groups, respectively, in 1990, formed Distribution America (DA) last summer. The coalition was like a life raft for Sentry, which had gone through two flat sales years and had some membership problems. Liberty, on the other hand, was having a strong year when merger talks began.

Both groups believed a combination was necessary to help their members—38 independent hardware distributors—survive during a period of wholesaler consolidation and, in many cases, distress.

Merchandising strategies—such as Liberty's Golden Rule program for lumberyards, Sentry's proprietary program for hardlines dealers, and Liberty's Trustworthy program that's administered by its members individually—were not combined, but buying for the two organizations was streamlined. The new DA has about 25,000 dealers. About 6,000 dealers participate in a store signage and identification program.

The merger did not affect the membership status of two DA members, Our Own Hardware and United Hardware Distributors, which are dealer-owned co-ops in their own right.

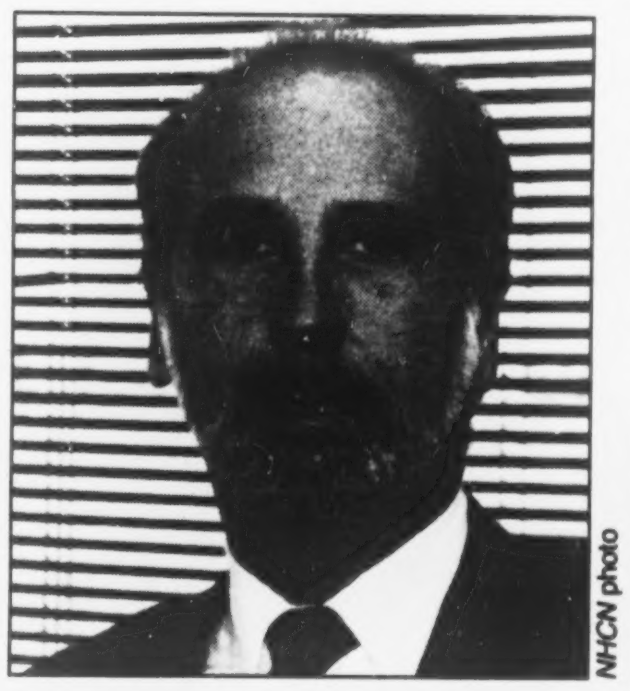
After the merger, DA set out to establish new contracts with vendors that, according to more than one vendor source, asked for additional discounts in line with DA's larger buying clout. Vendors claim such requests were rebuffed.

Bill Hooten, Liberty's president of Liberty who initially took charge at DA, has since retired and been replaced by Ron Pink, former managing executive at Sentry.

Pro launches new services for members

Pro Hardware continued in 1991 to add to the arsenal of services it provides to its wholesaler-members that are trying to compete with hardlines co-ops.

In the early part of the year, two of Pro's largest distributors launched an aggressive field blitz to secure a broader dealership base. Bostwick-Braun of Toledo, Ohio, and RKB Enterprises of Elmira, N.Y., launched the blitz, in an attempt to sign dealers that once worked with George Worthington Co. The two distributors' combined efforts succeeded in bringing 52 stores into the Pro fold.



NHCN photo

Pro's Gary Cosgrave

Pro also managed to secure two decent-sized Northwestern players: Cascade Wholesale Hardware, a $33 million distributor based in Aloha, Ore., and Builders Hardware & Supply, an $18 million wholesaler in the Seattle area. And a Southern California wholesaler, Yale Sales, signed up with Pro back in October.

The Denver-based marketing group launched several new services last year. Among these were an office supplies program, a computerized system of truck routing, its first-ever coupon promotion and a long-distance rebate program in conjunction with common-carrier US Sprint. Results from each of these programs were good enough for the organization to decide to continue and enhance them in 1992, according to senior vp Richard Paige.

Also developed in 1991 was Pro's first nationwide media campaign, which was unveiled in the March 31 edition of *Parade* magazine.

Pro's advertising staff spent the year redesigning the group's advertising and marketing campaign. In it, Pro invites members to "Celebrate America" and discover the group's "New World" of advertising, both themes that play off the 500th anniversary of Columbus' encounter with America.

Val-Test stays on track with rapid growth

CHICAGO — Val-Test Distributors continues to be a fast-growing marketing group.

It boosted its combined sales to $900 million in 1991 from the $420 million it reported to *NHCN* in 1990. The figure reported to *NHCN* last year was based solely on hardware sales to about 30 distributors.

Russell Meeks, president of the privately held firm, said sales increases last year came from international sales and new paint and sundries sales.

Last year, the paint and sundries division boosted its sales to $350 million from around $80 million and moved its offices to Bethlehem, Pa., from Chicago, to be closer to paint and sundries manufacturers.

In the last two years, Val-Test signed new distributor members based in Japan and Canada. International business has grown to more than $250 million.

Val-Test intends to remain in its niche as a second- and third-source supplier to an estimated 8,000 hardware and paint accounts.

NHCN photo

Val-Test's Russell Meeks

What it offers those accounts and its distributors is low-cost advertising, done in-house with computers, and an intermediary step between distributors and vendors to negotiate programs.

ABM wins new members while others are lost

SCOTTSDALE, Ariz. — Associated Building Materials, the marketing group here, signed seven new wholesaler-members this year. But during the same time the organization lost 10 members.

With four fewer distributors than it had last year, Associated managed to keep its

(Continued on page 61)

(Continued from page 60)

1991 sales level among its wholesalers at about $700 million, even with 1990 sales.

The 1991 sales results were good news for the marketing group, which has wholesaler members located throughout the country.

Jack Mackin, Associated's executive vp, said that the recession forced several former members—including Timber Products of Orlando, Fla.; M.M. Clark of Washington, D.C.; Connecticut-based Nutmeg Building Supply; and Maxey-Bosshardt of Atlanta—out of business.

Associated had planned on signing several new members in 1991, but did not plan on losing so many at the same time, Mackin said.

Some of its new members include Gross Co. of San Francisco; Harrington of Salt Lake City; Interstate Distributors of Dunn, N.C.; and Lumbermans Wholesale of Aurora, Ill.

Mackin said the company is currently working on adding three or four new prospects.

As for this year, he said, the marketing group hopes to attract more members from a shrinking pool of distributors, while still retaining its current wholesaler members.

Associated will also add new vendors, he said.

Reliable pulls through tough, 'beneficial' '91

CHICAGO — "It was a tough year for everyone, but it was beneficial for us and for our members," explained Alan Meyer, president of Reliable Hardware Wholesalers of America Inc.

The Illinois-based wholesaler marketing group lost four of its 40 distributor-members last year to bankruptcy or liquidation, Meyer said, the largest loss in the firm's four-year history.

"We all took time to see how we operated, and we're a smarter group today," Meyer said. On the plus side, Reliable added seven new members.

Rather than rolling out a long-awaited store identification program last year, Reliable's members chose to concentrate on selling programs.

Meyer said the group produced its first illustrated sales catalog and plans to begin using it this year.

The company laid plans last year to begin quarterly buying specials for its members, aligning vendor promotions with distributor commitments.

Meyer said Reliable's two buying conferences each year have grown in stature. The fall meeting last year had 54 vendors and 25 members, the largest number ever.

In addition to its quarterly four-color sales circular program, Reliable also began testing monthly advertisements. The firm began producing its own advertising art work last year with a new computer system, Meyer said.

Reliable intends to restart its store identification and merchandising plan this year, he said. In the past, the marketing group wanted to develop a look and logo for paint-oriented retailers.

Matco's sales still hurting from recession

GLENSIDE, Pa. — Materials Corp. of America managed to weather another tough year, as it saw 1991 sales drop about 17 percent to $250 million.

Sales at Matco have been steadily declining since 1989, when the marketing group had sales of $400 million.

Executive director Stanley Gomberg attributed the sales decline to the severe economic downturn in the Middle Atlantic and Northeastern states, where several of the company's 19 wholesaler-members are located.

Matco membership was a wash last year, at it signed two new distributors and lost two, Gomberg said.

Although several members experienced financial troubles, some of the company's member wholesalers are located in the Midwest, where business remained steady. And a member in South Dakota experienced significant sales increases, he said.

As for this year, Gomberg said Matco plans to watch expenses closely and doesn't plan on soliciting new members.

Matco did not make any significant changes in 1991 and plans on keeping the status quo until the economy turns.

The company will concentrate on servicing its current wholesale members. "Signing new members is too difficult now," Gomberg said.

More marketing group news on page 62.

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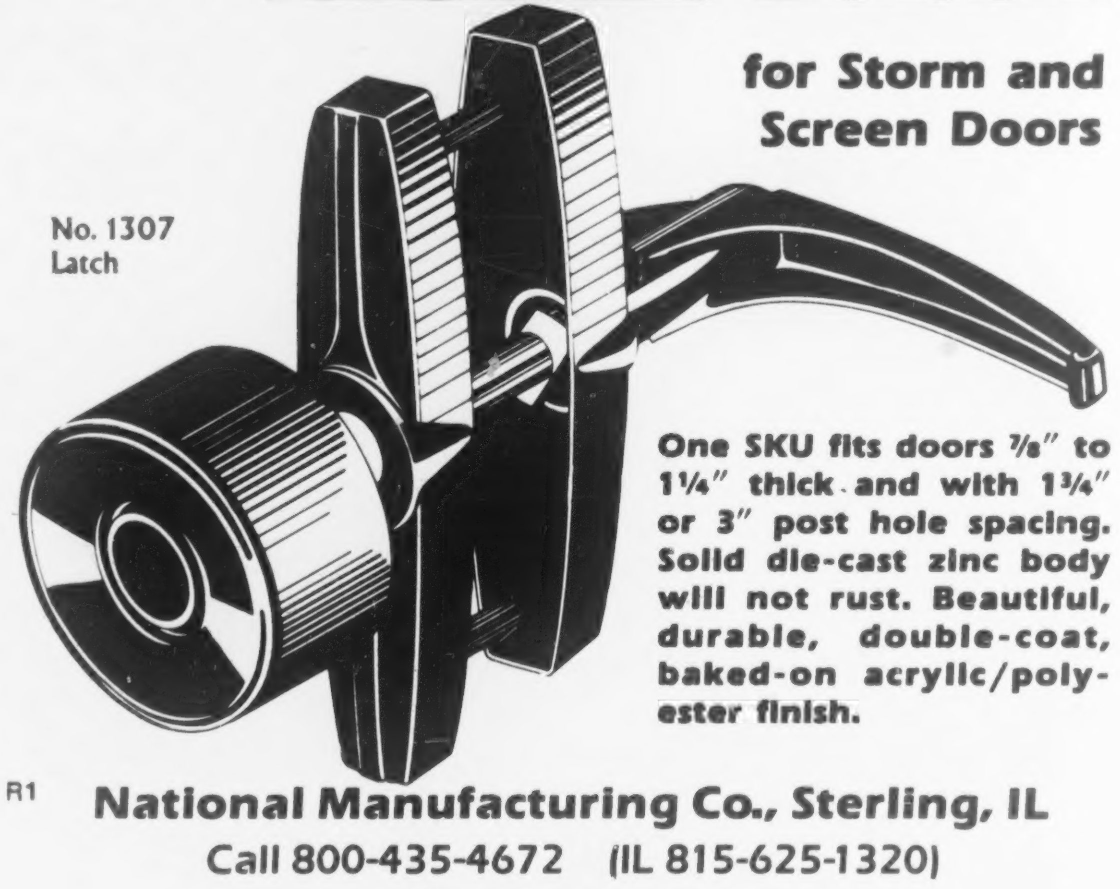

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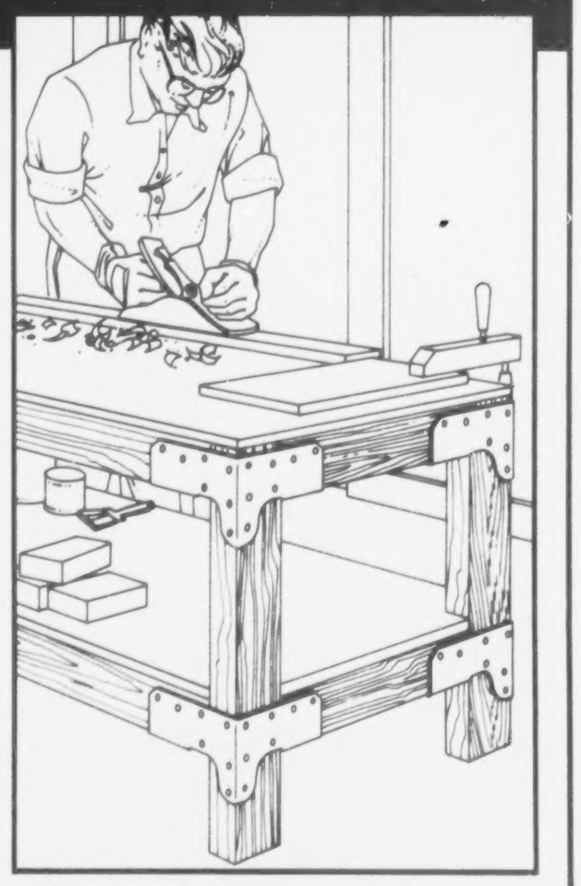

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Payless makes amendments to IPO

(Continued from page 6)

ordinated 10-year notes on the market to $215 million from $200 million, as listed in its February preliminary prospectus (*NHCN*, March 23).

Payless' total proposed initial public offering of 45 million shares of common stock could raise between $405 million and $450 million.

Under the original plan, with 33.5 million shares offered at between $13 and $15 a share, Payless would raise $435 million to $502.5 million from the sale.

According to its amended filing of April 23, Payless expects to raise a total of $947 million to $1.05 billion, a total that includes notes and bank loans, and excludes the cost of going public.

The 195-unit chain also extended its offer to repurchase an estimated $63 million in 14.5 percent subordinated debentures issued in 1988, when the company went private in a leveraged buyout. In comparison to today's high-yield, so-called junk bonds paying 10 and 11 percent, the Payless bond remains attractive.

Some bondholders cynical

One Boston bond analyst, who asked not to be identified, said a few Payless bondholders were "cynical" that the original per share asking price of $13 to $15 was too high and that they didn't think the deal would go through. With the lowered share price, the analyst said, the deal may be more attractive.

Neither Payless nor its investment backers can comment while the company's IPO is prelisted.

Builders Square hires fashion maven

(Continued from page 5)

The area will be doubled to 6,000 square feet and repositioned in the center of the stores in the new prototype store in the Sunrise neighborhood of Miami, which is slated to open in early summer.

Schultz will also coordinate color and fashion elements throughout the store as the chain's in-house fashion consultant and educate the buying staff in these elements.

"We're not trying to change the nuts and bolts of the company, just give more fashion to it and soften it up," she said. "We want to make it an easy place to shop, and more family-oriented."

Shultz brings to Builders Square an unusual blend of merchandising experience in both hardlines and softlines with a background in point-of sale presentations, fixturing and signs. Before joining Montgomery Ward, she worked at H.J. Wilson in merchandise presentation, and also at Venture Stores.

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Cotter likely to leave senior vp post open for moment

(Continued from page 3)

ter had told *NHCN* that Alexander would most likely be his replacement "if I got hit by a truck tomorrow."

"I have lost a valued business associate and a dear and loyal friend," said Dan Cotter.

Last week, a spokesman for Cotter said it was "too early" to say whether a replacement for Alexander was under consideration. The post will likely remain vacant as Cotter & Co. holds its semiannual buying show and convention this month, a convention whose supervisor had also reported to Alexander.

In interviews late last year with *NHCN*, Alexander insisted it wasn't one person who made a difference but rather a team—"not 10 or 20 guys with the attitude of 'get off my turf.' "

Alexander's background was in manufacturing. Prior to his promotion to the senior vp post in 1990, he was vp and general manager for all of the co-op's manufacturing division.

He had been president of Atlas Tool and Manufacturing, a St. Louis-based outdoor power equipment company that the co-op acquired in 1983. Alexander was president of the American Hardware Manufacturers Association in 1980 and chairman of the Outdoor Power Equipment Institute in 1990.

> **'I have lost a valued business associate and a dear and loyal friend.'**
>
> *Dan Cotter,*
> *president,*
> *Cotter & Co.*

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National
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WORLD POWERS
of Home Improvement Retailing
SPECIAL REPORT

Vol. 18 No. 10 $35 a copy The Journal of News & Trends for Home Imrpovement Retailers, Co-op & Wholesalers Published by Lebhar Friedman Inc. May 25, 1992

L.A. dealers dig out from the rubble

Many lend support to neighborhood store

by Robyn Taylor

LOS ANGELES — In the midst of the rioting, looting and arson, Steve Gullion's home telephone rang. It was the call he had been waiting for anxiously.

His store was still standing.

NHCN photo

***Owner Steve Gullion** stands in front of damaged Alvarado Paint & Hardware.*

Alvarado Paint & Hardware, a downtown mainstay since 1946, was one of the thousands of businesses that survived total devastation during the worst period of civil unrest in this city's history. While the entire city block around the store is burned beyond recognition, two-thirds—7,000 square feet—of Alvarado Paint & Hardware remains unscathed. The store's paint and window and screen departments, however, were not so lucky. These departments burned to the ground.

On May 5, just four days

(Continued on page 117)

Local hardware stores hit hard; Chains pitch in to help repair effort

LOS ANGELES — Bill Greenberg, owner of Greenberg Hardware, grew up behind his store on Central Avenue and 50th Street. Now the store and its $100,000 worth of merchandise are nothing more than a heap of charcoal ruins.

But Greenberg, 62, is already planning to rebuild his business, which was looted and torched during this city's devastating riots, fueled by the April 29 not-guilty verdict of four white police officers accused of beating black motorist Rodney King. The store had served the predominantly black and Hispanic neighborhood since 1920, and Greenberg feels the community is inherently good.

"I have so many friends in the area and they are solidly behind us," he said.

***Two armed employees** stand guard in front of Kim's Home Center in Koreatown, Los Angeles, to ward off potential looters.*

On another positive note, Greenberg said his insurance adjuster assured him that he should be compensated entirely. In the meantime, he may open up his 1,600-square-foot warehouse—located behind the former 4,000-square-foot

(Continued on page 117)

Rank 1991	Company	Sales 1991 ($mil.)	% Change 1990-1991	Stores
1	Home Depot	$ 5,137	34.7	174
2	Lowe's	3,056	7.9	306
3	Payless Cashways	2,390	7.2	195
4	Builders Square	2,050	8.5	150
5	Hechinger[1]	1,615	16.0	116
6	HomeClub	1,400	11.1	73
7	Menard's	965	20.6	60
8	Grossman's	806	− 0.9	139
9	84 Lumber	800	4.3	368
10	Sutherland Lumber	792	2.1	80
	Top 10 Total	19,011	14.5	1,661
	Top 500 Total	39,916	5.6	5,725
	Industry Total[2]	80,237	0.2	

[1] Includes sales from 30-unit HomeQuarters Warehouse, estimated by *NHCN* to be about $550 million last year.
[2] U.S. Department of Commerce figures.
Source: *NHCN* research

NHCN chart

Largest chains take control

But rest of the Top 500 still show modest gains

by John Caulfield

NEWS ANALYSIS

NATIONAL REPORT — Mentor Lumber, a three-store, $17 million independent based outside of Cleveland, no longer carries electricals and plumbing. The reason: too much competition in those categories from the likes of Builders Square, Handy Andy Home Improvement Centers and DIY Warehouse.

That scenario apparently is playing itself out all over the United States, as many home improvement retailers struggle not only with a doggedly bad economy but also with larger chains, particularly the warehouse operators and their expansionary voraciousness.

When one-fifth of the industry's top 500 retailers say their stores don't carry electricals; when 30 percent say they don't stock sinks, toilets and tubs; when two of every five dealers don't stock outdoor power equipment, and a star-

(Continued on page 18)

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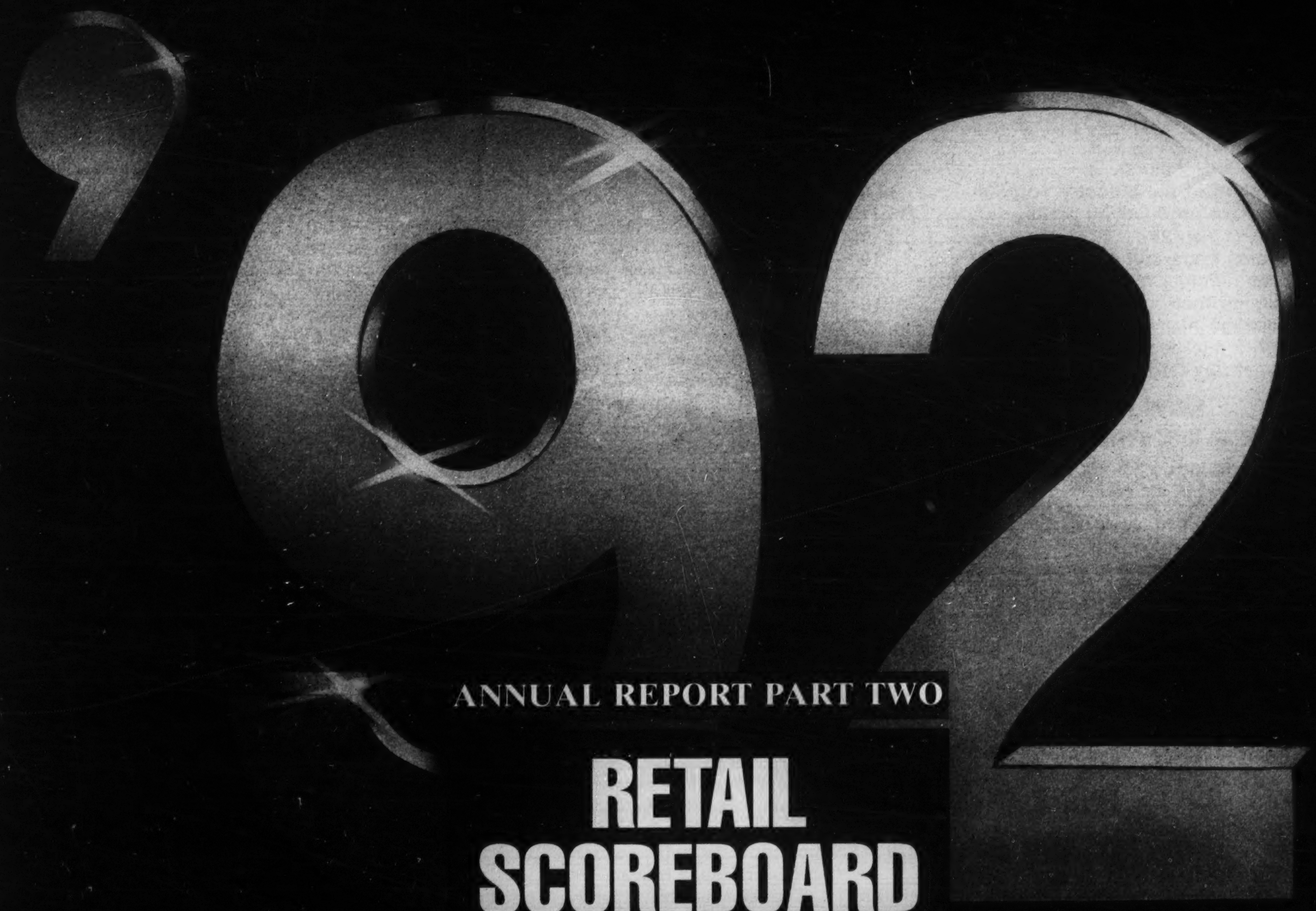

ANNUAL REPORT PART TWO

RETAIL SCOREBOARD

The Top 500

As industry creeps upward, big chains leap forward